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FARMERS TO DECIDE ON 1936 CORN-HOG PROGRAM

A referendum on the question of whether there will be a corn and hog adjustment program in 1936 will be conducted among all corn and hog producers on Saturday, October 26, the Secretary of Agriculture announced.

The Secretary said that the investigation being made by the Agricultural Adjustment Administration, which included a hearing held in Washington on September 26 and 27, has shown economic justification for another program, but that the practicability and effectiveness of a program will depend upon the indicated degree of support by producers. In the referendum, corn and hog producers will vote on the question: "Do you favor a corn-hog adjustment program to follow the 1935 program which expires November 30, 1935?" The referendum will be by secret ballot and will be conducted by county and community corn-hog committees and by the Extension Service. Community polling places will be open from 8 a.m. until 10 p.m. All operators and owners of farms which produced corn or hogs in 1935, whether or not they signed 1934 or 1935 corn-hog contracts, are eligible to vote in the referendum. Ballots of former contract signers and of those producers who have not signed a former corn-hog adjustment contract will be tabulated separately. If a substantial majority of those voting indicate that they favor a program, a new plan for 1936 will be worked out and offered producers in contract form. Regardless of the way they vote in the referendum, producers may sign contracts or not as they choose, after they have studied the proposed new program. The decision as to whether or not another program will be developed rests with the farmers themselves. The referendum is intended to provide opportunity for full and free expression, both for and against a voluntary adjustment program, on the part of all corn and hog producers. Evidence brought out in the hearing and by other phases of the investigation disclosed that in the absence of any program under the Agricultural Adjustment Act, a drastic decline in corn prices would be likely in 1936, with sharp reductions in hog prices commencing in 1937. If a program is developed, it should provide for expansion of hog production in 1936 in the interests of both consumers and producers, but it should contain safeguards which will prevent an excessive supply thereafter. Before the referendum on October 26, county and community meetings of corn and hog producers will be held throughout the country, to permit discussion of the facts of the corn hog situation so growers may be prepared to express an informed opinion in the referendum.

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TWO PROGRAM HEARINGS HELD

Growers and representatives of the rice industry from Arkansas, California, Louisiana and Texas attended a public hearing on October 2 at the Department of

Agriculture, Washington, D. C., to consider a proposed rice adjustment program for the years 1936-1939, inclusive. A public hearing to consider a potato production program was held at the Department of Agriculture, October 3 and 4.

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NEW CIGAR-LEAF
TOBACCO PROGRAM

Initiation of a production adjustment program for cigar leaf tobacco has been approved by the Secretary of Agriculture, the Agricultural Adjustment Administration announced. The proposed program provides for contracts covering a four-year period, 1936-1939, to follow the present program which covered the three-year period, 1933-1935. These contracts are now being prepared and will be offered the producers before marketing of the 1935 crop becomes general. Any farm that was eligible in 1935 for a cigar tobacco contract may be covered by a new contract. The contract will be subject to termination by the grower or by the Secretary at the end of any year. The base acreage under the new program will be that used for the old program with such adjustment as will make the base more equitable between farms and more nearly in line with the amount of tobacco required for consumption and the amount of tobacco planted on each farm in recent years. Growers will not be required to reduce their plantings or production more than 40 percent below their base. That part of the base tobacco land is to be left out of tobacco production under the new contract will be devoted to pasture, soil conservation, home consumption crops or may be fallowed.

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PECAN AGREEMENT
HEARING DATE SET

A hearing to consider a proposed marketing agreement and order for the paper shell pecan industry has been called for October 14 at Montgomery, Ala. The proposed agreement would replace one which became effective on March 13, 1935 and was terminated as of September 30. Representatives of over 50 percent, by volume, of both growers and distributors have signed an application for a new agreement. Pecans are grown chiefly in the southeastern states and in Louisiana and Texas. While the marketing season is short, harvesting everywhere falls into the same period of less than 2 months. Under proposed marketing agreement and order the pack of pecans to be sold in the shell would be limited to the U. S. small and larger sizes and to qualities set forth as U. S. No. 1 and U.S. No. 2 in U.S. Standards. All other sizes and qualities would be used only for shelling and distributors would be required to certify all shipments to shellers to a control board which would administer the agreement and order. Packers would be required to file with the control board a schedule of selling prices giving in full all discounts, allowances, and terms and conditions of sale.

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RAISIN AGREEMENT
HEARING SCHEDULED

A public hearing will be held October 10 at Fresno, Calif., to consider a proposed marketing agreement and order for packers of California raisins. Under the proposed plan, the packer would turn 50 percent of the delivery of each grower over to the control board, which would be established under the agreement and order. The portion of the deliveries turned over to the control board would be placed in a reserve pool. The other 50 percent would be free of all restrictions. Pooled raisins would be offered to packers from time to time at a price not less than the average of the last 10,000 tons of raisins sold in the field. Packers would be given pro rata shares in the reserve pool in proportion to their field purchases. This pro rata share would represent their proportional right to first purchase in all pool offerings, good for 5 days, after which time the unclaimed balance would be made available to any packer. Certain provisions in the agreement would permit the Sunmaid Raisin Growers' Association, a cooperative, to pool its raisins in its own warehouses under the jurisdiction of the control board.

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"FAIR PRICE" DETERMINED
FOR LOUISIANA CANE CROP

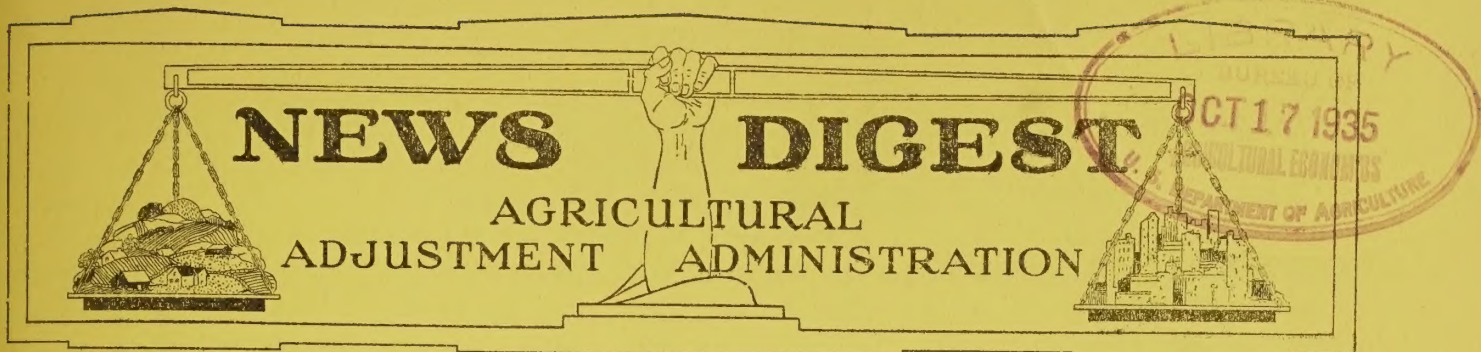
Determination by the Secretary of Agriculture of the "fair price" for the 1935 Louisiana sugarcane crop, in accordance with the Louisiana sugarcane production adjustment contract, was announced by the Agricultural Adjustment Administration. The determination follows the established practice of the industry in providing payments for cane on a sliding scale based upon price quotations on raw sugar, duty paid basis. When the price of raw sugar is 3-1/2 cents per pound, the "fair price" for par sugarcane of the 1935 crops is established at \$1 per ton of cane for each 1 cent per pound of the price of raw sugar, based on the average of weekly price quotations for the period October 18, 1935 to March 1, 1936. The grower would thus receive \$3.50 a ton for par sugarcane when the price of sugar is 3-1/2 cents a pound. Par sugar-cane is defined as sugarcane containing no more sucrose in the normal juice than was required by the processor in his 1933 sugarcane purchase contracts, verbal or written. Premiums to be paid in 1935 for sugarcane containing more sucrose in the normal juice than that defined as par sugarcane in the purchase contracts in use during the year 1933 are not to be less than those paid by the processor during that year, and similarly discounts below the price for par cane are to be no greater than those deducted by the processor during the year 1933. In addition, however, minimum premiums as well as maximum discounts are established for cane above or below par. For each one-tenth of 1 percent increase in sucrose content above 12-1/2 percent, a minimum premium of at least seven-tenths of 1 percent of the base price is to be paid per ton of cane, and the maximum discount is no more than 2 percent for each one-tenth of 1 percent decline in the sucrose content below par until the sucrose content falls to 9-1/2 percent. If the price of sugar averages less than 3-1/2 cents per pound, producers would receive 3 percent less than the base price for each one-fourth of 1 cent decline in price of sugar below 3-1/2 cents. Thus, if the price of sugar should average 3-1/4 cents instead of 3-1/2 cents per pound, the grower would receive for par sugarcane 97 cents for each cent of the price of sugar or \$3.15 a ton. If sugar should be 3 cents a pound, the rate for a ton of par sugar cane would be 94 cents for each cent of the price of \$2.82 a ton. Similarly, the basic rate for par sugarcane increases 3 percent for each 1/4 of a cent increase in the price of sugar above 3-1/2 cents a pound. Thus, for example, if sugar should be 3-3/4 cents a pound, the growers would receive per ton of sugarcane \$1.03 for each cent of the basic price, or \$3.86 a ton. In connection with the determination of "standard" sugarcane for making of benefit payments to producers on the 1935 sugarcane crop, the actual average percentage of sucrose in the normal juice of the 1935 crop will be taken unless unusual harvesting conditions prevail.

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REPORTS SHOW
SUGAR ENTRIES

The quantity of sugar entered for consumption in the United States during the first 9 months of this year from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 4,198,601 short tons, raw value, without final polarization and final outturn adjustments. This quantity has been charged against the 1935 quotas for the areas indicated, the sugar section of the Agricultural Adjustment Administration announced. The status of the continental quotas is given in the report on the entry of offshore sugars. To September 1, 1935, the quantity charged against the continental cane sugar quota amounted to 85,316 tons in terms of 96 degree sugar; the quantity charged against the continental beet sugar quota amounted to 931,623 tons.

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Volume 3, Number 2

October 12, 1935

**CHANGES IN POTATO ACT
SUGGESTED BY COMMITTEE**

After a study of the testimony given at a potato hearing held in Washington on October 3 and 4, the Potato Program Development Committee of the United States which represents producers in a large percentage of the nation's commercial growing areas recommended amendments to the Potato Act. At the same time the Agricultural Adjustment Administration announced it was making an immediate study of proposals looking toward action designed to increase the price of potatoes from the 1935 crop. Among the suggestions has been the diversion of potatoes from normal commercial channels. The price of potatoes in the late surplus producing states is at present less than half of fair exchange value. The committee recommended: (1) increasing the present exemption for farmers whose average sales are five bushels or less annually; (2) holding a referendum making necessary the approval of two-thirds of the producers entitled to an allotment if the Act is to remain in operation after the potato marketing year ending November 30. At present, the Act requires a vote by a majority of the potato growers entitled to a ballot; (3) excluding the consumer from the penalty provision with reference to packaging and affixing stamps to packages; (4) permitting growers who sell direct to the consumer to file returns on their sales in order to eliminate the necessity of attaching stamps to their potato packages; (5) amending the Act to regulate the shipping of potatoes in interstate commerce in excess of grower allotments. The committee also advocated ascertaining by a referendum the sentiment of the growers toward enforcement of the Act during the allotment year beginning December 1, 1935. In such an unofficial referendum, an expression of opinion would not be binding upon the Secretary but the committee expressed the view that it would aid in enforcement of the law.

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**1936 CORN-HOG PROGRAM
REFERENDUM DATE SET**

A referendum on the question of whether there will be a corn and hog adjustment program in 1936 will be conducted among all corn and hog producers on Saturday, October 26. An investigation made by the Agricultural Adjustment Administration has shown economic justification for another program. The referendum will be by secret ballot and will be conducted by county and community corn-hog committees. All operators and owners of farms which produced corn or hogs in 1935, whether or not they signed corn-hog contracts, are eligible to vote. If a substantial majority of those voting indicate that they favor a program a new plan for 1936 will be worked out. Regardless of the way they vote producers may sign new contracts or not as they choose. Before the referendum, county and community meetings of corn and hog producers will be held throughout the country, to permit discussion of the facts of the corn-hog situation.

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FACTORY WORKERS' EARNINGS
KEEP UP WITH FOOD PRICES

A study by an economic advisor of the Agricultural Adjustment Administration shows that during the past eight years, earnings per worker employed in factories have fluctuated with changes in the level of retail food prices. They fell nearly 40 percent between 1928 and the early part of 1933. Food prices also fell 40 percent. Earnings per employed worker advanced nearly 39 percent between March 1933 and August 1935, and food prices also advanced 38 percent. The average employed factory worker has been able, as a result of this correspondence between his earnings and the cost of his food to buy as much food during every year of this depression, including 1933, 1934 and 1935, as he could in 1928. In fact, food prices have been somewhat lower during the years 1931-1935 in relation to 1928 prices than were earnings per employed person, so that actually the average earnings in every one of the past five years have had a purchasing power in terms of food at retail prices somewhat greater than in 1928. In August 1935, retail food prices were 80 percent of their 1928 level while earnings per employed person were 83 percent of their 1928 level, indicating that the average factory worker could buy about 3 percent more food than in 1928. Food prices include the relatively high prices of meats due largely to the 1934 drought, as well as to the relatively low prices of fruits, vegetables, dairy products and other foods. Living costs, other than foods, did not decline in step with workers earnings. By the spring of 1933 when his earnings were down nearly 40 percent and food prices were down 40 percent, other living costs were down only 20 percent, and his ability to buy industrial goods and pay his rent and other non-food items was only three-fourths as great as in 1928. Since the spring of 1933, these non-food costs have remained practically unchanged at about 83 percent of the 1928 level, and now that earnings per factory worker have also advanced to 83 percent of the 1928 level, the average employed factory worker can again buy as much of industrial and other non-farm foods as in 1928. As far as the employed factory worker is concerned, then, there is now a fair balance between earnings, food prices and non-food living costs. At present, the number on factory payrolls is 83 percent of the 1928 level, an increase in numbers employed of nearly 40 percent since March 1933, or just about equal to the percentage of increase in the earnings per employed worker. The factory unemployment problems is greater than indicated by the fact that the rolls still show 17 percent less than in 1928. During the past seven years the population has grown and more people are available for factory work. Most of the factory unemployment problem lies outside the factories that process agricultural commodities. In August 1935, the factories processing farm products were employing within 8 percent as many people as in 1928, but the factories processing non-farm raw materials were employing 30 percent less. During the past five years, manufacturing output dependent upon farm products has remained at about 90 percent of the 1929 level, but manufacturing output in industries using non-agricultural products fell to 35 percent of the 1929 level in the spring of 1933 and in August 1935 was still only 65 percent of the 1929 volume. The lack of balance is not on the agricultural side of our economy. An increase in non-agricultural production of 40 to 50 percent, and not a lower general level of food prices, is the real need. That would about restore jobs to most of the unemployed. Farmers by continuing to produce for normal domestic consumption are doing their part for further general recovery.

REVISED BEET SUGAR MARKET-
ING ALLOTMENTS ANNOUNCED

Revised allotments which distribute the quota for the continental beet-sugar processors were made in an order signed by the Secretary of Agriculture after a public hearing on applications for adjustments was held August 5, 1935, in Omaha, Nebraska. The revised allotment order distributes the unallotted reserve of 225,000 one-hundred-pound bags of refined sugar on a proportional basis to those companies whose inventory carryover plus normal fall sales is greater than their former allotment, and distributes a voluntary surrender of 101,043 bags to those companies where the planted acreage of farmers is expected to produce an amount of sugar in excess of the basic marketing-allotment of the particular processor. The revisions do not change the total national marketing quota of 28,971,963 one-hundred-pound bags of direct-consumption sugar. Processors are forbidden by the Secretary's order from marketing sugar in excess of the allotments which have been made.

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SUGAR QUOTA ENTRIES FOR
FIRST NINE MONTHS ANNOUNCED

The quantity of sugar entered for consumption in the United States during the first nine months of this year from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 4,198,601 short tons, raw value, without final polarization and final outturn adjustments. This quantity has been charged against the 1935 quotas for the areas indicated. The status of the continental quotas is not given in this report on the entry of offshore sugars. To September 1, 1935, the quantity charged against the continental cane sugar quota amounted to 85,316 tons in terms of 96 degree sugar; the quantity charged against the continental beet sugar quota amounted to 931,623 tons.

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CALIFORNIA DATE AGREEMENT
AND LICENSE TERMINATED

An order, terminating the marketing agreement and license for California date shippers, effective October 9, and designating the members of the control committee as trustees to liquidate the affairs of that committee was signed by the Secretary of Agriculture. Termination was requested by certain groups of growers, and concurred by the date control committee. Since the recent amendments to the Agricultural Adjustment Act do not provide for minimum prices in agreements and orders, operation of this agreement could not be effectively administered as a provision for fixing minimum prices for various grades of dates was the principal method of control contained in the date agreement.

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RELIEF BUTTER AND SKIM
MILK AWARDS ANNOUNCED

Contracts for the purchase of 635,416 pounds of butter and 2,360,000 pounds of dry skim milk were awarded to 10 firms by the Agricultural Adjustment Administration. These commodities will be donated to the Federal Surplus Relief Corporation for relief distribution. Awards were made on the basis of flat price bids at prices ranging from 24.61 cents to 28.00 cents per pound. The prices paid for dry skim milk, ranged from 6.75 cents to 7.00 cents per pound. The contracts were awarded on bids submitted in response to schedules calling for purchase of 5,000,000 pounds of butter and 10,000,000 pounds of dry skim milk.

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COMMITTEE ON FLUE-CURED
MAKES RECOMMENDATIONS

The Advisory Committee of flue-cured tobacco growers made recommendations to the Agricultural Adjustment Administration with respect to the sale of scrap tobacco and the 1936 program. The committee recommended that (1) immediate steps be taken to advise all flue-cured tobacco contract signers respecting contract terms concerning the sale of scrap tobacco. The contract provides that all sales, including scrap, must be entered on the allotment cards and covered by tax-payment warrants. Contracting growers who sell tobacco at their farms without such sales being covered by tax-payment warrants violate their contracts; (2) growers whose base acreage is three acres or less be allowed to elect to plant their full base acreage and sell their base production without payments under the contract in 1936 or make the adjustment and receive payments; (3) a public meeting be held at some central point at which plans for 1936 would be discussed.

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CIGAR-TOBACCO INCOME
IMPROVED BY ADJUSTMENTS

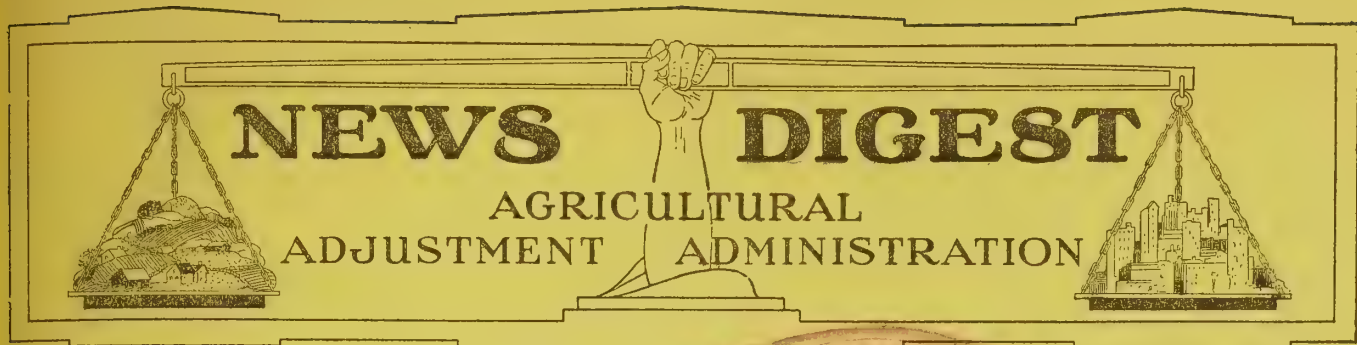
The average income of this year's crop is estimated to exceed the 1932 income by about \$7,500,-000 although cigar-leaf tobacco acreage in 1935 is less than half the 1932 acreage. In 1932, the total income from 130,000 acres of cigar-leaf tobacco was \$9,500,000. The 1933, income, including benefit payments, was \$13,500,000 on only 67,300,000 acres. In 1934, the total income, including benefit payments, was \$17,000,000 on 52,000 acres. The 1935 income from 63,500 acres of all types of cigar-leaf tobacco, including benefit payments, is expected to be slightly more than last year's income. Under the adjustment program the surplus supply of cigar-leaf tobacco was reduced 180,000,000 pounds during the past three years. The excess supply is now estimated to be 64,000,000 pounds. A total of 37,000 of the 41,000 cigar-leaf tobacco growers in the United States and Puerto Rico are operating under adjustment contracts or agreements.

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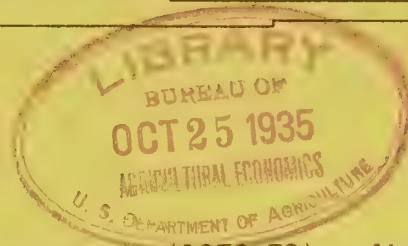
HEARING SCHEDULED ON
CELERY AGREEMENT & ORDER

A public hearing has been scheduled October 23, at Lakeland, Florida to consider a proposed marketing agreement and order for the Florida celery industry. The proposed marketing agreement would replace the present agreement which expires on December 1, 1935. In accordance with recent amendments to the Agricultural Act, the proposed order would replace an amended license which supported the agreement. The agreement now in effect provides for the establishment of protraction periods for the shipment of fresh celery when the control committee determines that the quantity available is in excess of the quantity it is desirable to ship. The proposed agreement would retain this feature and, in addition, would provide for determination of the advisable quantity to be shipped for the entire season. A control committee of 16 members to administer the agreement and order would be set up under the proposed pact, 8 of whom would be growers and 8 shippers.

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Volume 3, Number 3



October 19, 1935

PLANS FOR FOUR-YEAR RYE ADJUSTMENT PROGRAM COMPLETED

A four-year (1936-39) adjustment program for rye and the contract through which it will be made effective, were approved by the Secretary of Agriculture. The objectives of the rye program are to secure for farmers a fair exchange value for their crop, to adjust rye production to domestic requirements and prospective foreign demand, and to prevent accumulation of surpluses which would depress prices. The program has been made necessary (1) because rye production in 1935 is unusually large after two years of drought, (2) because former export outlets for rye are now sharply limited, (3) because rye supplies for the current year are approximately double the estimated domestic requirements, and (4) because prices have declined sharply as a result of these factors. The contract provides for adjustment payments to farmers in consideration for their adjusting their acreage of rye harvested as grain each year to 75 percent of their average past acreage harvested for grain. This 75 percent is subject to an upward increase in any year. It is anticipated that many producers will plant more than 75 percent of their base acreage, as the adjustment is based on harvested, rather than seeded acreage. Adjustment payments for the 1936 crop are to be at least 35 cents a bushel on each producer's farm allotment. This allotment will be 30 percent of his average annual production determined for a base period. The rye program, as it has been patterned closely after the wheat adjustment program and covers the same period, will be administered locally by the county wheat associations. There are approximately 174,000 rye farmers in this country and it is estimated that between 75,000 and 100,000 producers, controlling a majority of the rye acreage, will sign contracts. The processing tax on rye of 30 cents a bushel became effective Sept. 1.

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FINAL DATE SET FOR 1935 CORN-HOG CONTRACT ACCEPTANCE

State corn-hog boards of review were notified that the deadline for their acceptance of 1935 corn-hog adjustment contracts is October 31. It was deemed necessary to set this final date, in order that all contracts may be completed before the final check on contract compliance is started on December 1. This year, for the first time, the preliminary audit of corn-hog contracts was handled by the state boards of review. This method proved very satisfactory as only six-tenths of one percent of the 829,500 contracts that have received final audit in Washington to date have had to be temporarily suspended for some irregularity, as compared with nearly 3½ percent in 1934.

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1935 POTATO CROP
PROGRAM PROPOSED

The outlines of a proposed program designed to increase the income to potato growers from their 1935 crop include

(1) a plan for the diversion for industrial uses of potatoes of the 1935 crop which may be threatened with waste because of low prices and glutted markets, and (2) provision for the use of marketing agreements for potatoes of the 1935 crop now being harvested. The diversion plan would be operative in surplus regions when the market was so glutted and the price in those areas was so low that conversion would be to the financial advantage of growers. An increase in the price of high grade potatoes to between one-half and three-fourths of parity would automatically result in the cessation of diversion and cause the potatoes to be sent to their customary market. Neither the surplus diversion plan nor the marketing agreement proposal are in any sense a substitute for the Potato Act of 1935, which becomes effective on potatoes harvested after December 1, 1935. The measures under immediate contemplation were designed specifically to assist in remedying the distress to growers resulting from the current low price of potatoes. The parity price for potatoes at present is 89.6 cents per bushel. The average price received by growers last season was 51.7 cents per bushel, and the price received by growers this season, prior to October 1, averaged about 15 cents below the price for the corresponding period for last season. The proposed surplus diversion plan would provide for payments of 25 cents for each one hundred pounds of surplus potatoes diverted into uses for livestock feed or in potato flour, starch, or alcohol, or other uses that the Secretary of Agriculture might designate. In the initial offer, payments to individual growers would be limited to 10 percent of the crop which they grow and harvest in 1935. Payments would be made only upon potatoes which met or exceeded certain U. S. specifications unless otherwise specified. The proposed agreement provides for the control of interstate shipments of potatoes from Colorado, Idaho, Nebraska, and Wyoming, but similar agreements could be provided for other states now harvesting potatoes if the growers in such states so desired. The agreement provides a means for regulating interstate shipments of potatoes in the four states specified. If the marketing agreement should be signed by 50 percent of the handlers in the area affected, and approved by two-thirds of the producers in that area, it might be declared effective by the Secretary and a supporting order binding upon all handlers within the area could be issued. The work of administering the agreement locally would be in the hands of a committee in each district, consisting of three handler members, three producer members, and one member chosen by both groups. A control board consisting of one producer member and one handler member selected from the membership of each district committee would administer the marketing agreement for the four-state area. The surplus diversion plan and the proposed marketing agreement may be used to supplement each other in areas where both might become effective. Public hearings on such a marketing agreement are scheduled for Denver, Colorado, on October 24; Scottsbluff, Nebraska, October 26; Idaho Falls, Idaho, October 28, and Twin Falls, Idaho, October 31.

HEARING SCHEDULED TO CONSIDER
SUGAR VALUE COMPUTATION REVISION

A public hearing will be held October 28 at Washington, D. C. to determine whether the present method of translating sugar into terms of "raw value" should be revised. Sugar regulations prescribed by the Secretary of Agriculture provide the present basis of expressing amounts of different types of sugar in uniform terms.

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WALNUT MARKETING AGREE-
MENT, LICENSE TERMINATED

An order terminating a marketing agreement and license for packers of walnuts grown in California, Oregon, and Washington was signed by the Secretary of Agriculture and became effective October 15. The members of the control board were designated as trustees to liquidate the affairs of that board. Simultaneously a marketing agreement and order regulating the handling of walnuts in these states became effective.

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CONTROL COMMITTEEMEN REMINDED
OF LIMITED OUTSIDE ACTIVITIES

Letters signed by Chester C. Davis, Administrator of the Agricultural Adjustment Act, were sent to committeemen of production control associations to remind them that the charters of their associations do not permit the associations to take part in political or economic movements outside their defined function of administering the adjustment programs.

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AMENDMENT TO LOUISIANA SUGAR-
CANE DETERMINATION APPROVED

An amendment to the determination made by the Secretary of Agriculture on the "fair price" for the 1935 Louisiana sugarcane crop was approved by the Secretary October 15. The original determination, following the established practice of the industry of providing for a sliding scale of payment for cane, based upon the price quotations of raw sugar, duty paid basis and differences in sucrose content, established the basis upon which processors would purchase sugarcane of the 1935 crop from producers under the terms of the Louisiana production adjustment contract. The amendment provides that if the average price of raw sugar during the Louisiana marketing season falls below $2\frac{3}{4}$ cents per pound, duty paid basis, the processor shall pay the producer 91 cents per ton of par sugarcane for each one cent of the price of one pound of 96 degree raw sugar; and if the average price of raw sugar during the marketing season advances above $3\frac{1}{2}$ cents per pound, duty paid basis, then \$1.03 per ton of par sugarcane shall be paid by the processor to the grower for each one cent of the price of one pound of 96 degree raw sugar. No differentials will be in effect when the price of raw sugar during the marketing season averages above $3\frac{3}{4}$ cents or falls below $2\frac{3}{4}$ cents per pound.

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MARKETING AGREEMENT & ORDER
FOR WALNUTS APPROVED

A marketing agreement and order regulating the handling of walnuts grown in California, Oregon, and Washington were approved by the Secretary of Agriculture. The new agreement was signed by packers of walnuts representing approximately 80 percent by volume of the 1934-35 pack. Growers who produced more than two-thirds of the volume of the 1934-35 walnut pack favored issuance of the order. Provisions of the agreement and order provide for surplus control very similar to the surplus control provisions of the agreement and license previously in effect. On the basis of figures submitted by each packer as to the quantity of merchantable walnuts held by him as of August 1 of each year, the control board will recommend to the Secretary the portion of the crop which should be sold and the portion which should be considered as surplus. The Secretary will then fix the "salable percentage" which applies to the individual supplies of all packers. The remainder, or "surplus percentage", is to be delivered to the control board for disposal either by exporting or sales of unshelled walnuts to shellers or charitable institutions. All walnuts sold or put into trade channels are to be graded. For the crop year, September 1, 1935 to August 31, 1936, the agreement fixes a salable percentage of merchantable walnuts of 70 percent. The control board, of 9 members and their alternates, will be selected by the Secretary from nominees of various groups.

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JULY RENTAL & BENEFIT PAY-
MENTS TOTAL \$26,378,361

During the month of July, the first month of the 1936 fiscal year, the Agricultural Adjustment Administration expended a total of \$35,916,328 from available funds of \$177,416,353, thus carrying forward into August an unexpended balance of \$141,500,025. However, the balance carried forward was comprised entirely of unexpended advances and trust funds as the expenditures made up to August 1, 1935, exceeded processing taxes collections by \$22,083,470. Processing tax collections for the month, which were not then available, would have added approximately \$15,364,401, thus reducing this difference to \$6,719,069. June and July collections showed the effects of the tie-up of large amounts of processing taxes as a result of court actions, as collections in June of 1934 amounted to \$43,043,375, compared to \$30,950,261 in June, 1935; and collections in July of 1934 amounted to \$43,013,496, compared to collections of \$15,364,401 in July 1935. Expenditures during July were made up of \$26,378,361 in rental and benefit payments to farmers operating under adjustment contracts for five basic commodities; \$366,199 for removal and conservation of surplus agricultural commodities; \$1,638,765 for drought relief, food conservation, and disease eradication operations; \$2,167,412 disbursed in connection with trust fund operations; \$3,504,301 for administrative expenses, and \$1,861,288 for refund of taxes. The only trust fund operation reported, was the payment of \$2,167,412 to producers participating in the sale of Bankhead cotton tax-exemption certificates.

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CALIFORNIA CLING PEACH
LICENSE TERMINATED

The amended license for canners of cling peaches canned in California was terminated by the Secretary of Agriculture, because the marketing agreement which this license supported expired by its own terms on June 30, 1935. The control committee was designated as trustees to liquidate the affairs of that committee.

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DECIDUOUS TREE FRUIT
MARKETING AGREEMENT TERMINATED

Both the marketing agreement and license for handlers of northwest fresh deciduous tree fruit grown in Washington, Oregon, Montana, and Idaho were terminated by an order signed by the Secretary of Agriculture. Due to a lack of cooperation from shippers in an important growing area during the latter part of the 1934 shipping season the agreement and license were rendered practically inoperative. The recent amendments to the Agricultural Adjustment Act authorize the issuance of orders by the Secretary of Agriculture in connection with marketing agreements, but specifically exempt apples from the commodities subject to orders. In addition, the amended Act does not authorize the inclusion of minimum price provisions in such orders although such minimum prices form an important part of the program under the marketing agreement.

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SURRENDERED PORTIONS OF 1935
MARKETING ALLOTMENTS TRANSFERRED

In response to a request by the Agricultural Adjustment Administration to all beet sugar processors to state whether they would be able to use their amended marketing allotments and also if they were willing and able to sell sugar in excess of their allotments, two companies released a portion of their marketing allotment, sixteen requested increases, and the remaining processors indicated that no change was desired. The 458,020 one-hundred-pound bags of refined sugar voluntarily surrendered were transferred to the allotments of those processors requesting increases. The transfer does not change the total 1935 marketing quota of 1,500,000 short tons of raw value.

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TULSA, OKLA. MILK
LICENSE SUSPENDED

The license for milk for the Tulsa, Okla. sales area was suspended October 16, by the Secretary of Agriculture because a permanent restraining order issued by the Federal Court made the terms of the license no longer effective.

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1935 PEANUT DIVERSION
PROGRAM APPROVED

Based on results of an investigation, including a public hearing, Secretary Wallace has approved a diversion program for the 1935 peanut crop. Under the diversion plan, contracting peanut growers may receive payments on peanuts grown by them in 1935 which they sell direct to any oil miller who executes an agreement to divert such peanuts from normal channels into manufacture of oil. The investigation showed that the current average farm price of peanuts is 3.25 cents per pound and is less than the fair exchange value, and that the diversion of a portion of the 1935 crop from the normal trade channels would tend to maintain the current average price for the 1935 crop. Payments both to millers and to contracting growers for diversion under this plan will be at the rate of \$19.00 per ton for Virginia-type peanuts, \$9.50 per ton for Spanish-type peanuts, and \$3.00 per ton for Runners, with provision for an adjustment in the rate of payment in the event of a change in the price of cottonseed oil.

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HEARING SCHEDULED ON PROPOSED
NAVAL STORES MARKETING AGREEMENT

A public hearing will be held October 31 at Jacksonville, Fla., to consider a proposed marketing agreement and order for handlers of naval stores. The proposed agreement would replace the present one and the proposed order would, in accordance with the amended Agricultural Adjustment Act, supersede a license now in effect. As proposed, each handler would receive an allotment for the calendar year, and for his gum naval stores he would be issued tags to the total of his allotment good for only the calendar year in which issued. Only those gum naval stores bearing tags could be marketed. A limitation of marketing would be effected through provisions prohibiting the sale of naval stores resulting from processing crude gum taken from trees under a specified size. A control committee, representing processors, distributors and factors, would be selected by the Secretary of Agriculture from nominees of various groups.

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CORRECTION

In the item entitled, "CIGAR-TOBACCO INCOME IMPROVED BY ADJUSTMENTS" on Page 4 of the October 12th issue please read the third sentence as: "The 1933 income, including benefit payments, was \$13,500,000 on only 67,300 acres."

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

Volume, 3, Number 4

October 26, 1935

15-DAY EXTENSION ON COTTON SALES CERTIFICATES

An extension of 15 days has been authorized by the Agricultural Adjustment Administration in the instructions requiring filing the original of each

cotton sales certificate with county agents. Under the amended ruling it is required that in the case of cotton sold prior to November 1, the original of the cotton sales certificate shall be delivered to the office of the appropriate county agent as soon as possible but not later than November 16, 1935. In case cotton is sold on or after November 1, 1935, the cotton sales certificate respecting it shall be delivered as soon as possible to the office of the county agent but not later than 7 calendar days after the sale, not counting the day of sale. Instructions were issued October 23, requiring that on cotton sold prior to October 23 the cotton sales certificate concerning it should be delivered to the county agent not later than November 1, and on cotton sold after October 23, the sales certificate should be filed with the county agent within 7 calendar days after the date of sale. These cotton sales certificates are required of producers to qualify for the cotton price adjustment payments.

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PROPOSED CALIFORNIA OLIVE AGREEMENT TO BE DROPPED

A proposed marketing agreement for California olives will be submitted either to growers or canners for signing. This decision was based upon the evidence

given at a public hearing held on the proposed agreement at Berkeley, Calif., on October 4 and 5. It was apparent from the evidence that there was lack of united support for the proposed agreement, and that it would be difficult, if not impossible, to place the program in operation in time to be effective in improving returns to growers for the 1935 crop. Furthermore, the evidence disclosed insufficient economic justification for the proposed basis of allotment of salable tonnage to the different varieties of olives. The olive harvesting season has been under way for the past two weeks and substantial deliveries to canners have already been made, thus precluding at this late date the practical application of the provisions of the agreement and order. The record of the hearing reveals widely conflicting views among groups producing and canning different varieties of olives. Under the recent amendments to the Agricultural Adjustment Act it is necessary that two-thirds of the growers of olives for canning approve or favor the issuance of an order by the Secretary before such an order can be made effective, even though a marketing agreement may have been signed by canners of over half of the volume of olives. A final grower referendum to make an order effective probably could not be completed until the latter part of November. Since deliveries of olives for canning are already under way and will be practically completed during November, there will be little chance for an agreement and order to be of real benefit in improving returns to growers for the 1935 crop.

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STABLE POTATO PRODUCTION
WOULD BENEFIT CONSUMERS

An indication that the consumer would pay lower prices for potatoes than he has averaged over a period of years in the past if prices were stabilized at a fair return to the grower is contained in the results of studies made public by the Agricultural Adjustment Administration. The surveys included years of high, low and average production since 1920 and the comparison showed that the cost to the purchaser of potatoes was less in the normal years than the average of the high and low seasons. The years of medium production included in one survey were 1923 and 1927. The smallest potato crop in the period from 1923 to 1928 was in 1925. The largest crop was in 1928. The analysis showed that the cost to the consumer during the average of the small crop year of 1925 and the large crop year of 1928 was \$2.11 a bushel. The cost during the two years of medium production averaged \$1.91 a bushel. Thus the consumers paid during this period 20 cents more per bushel in the years of extremely high and low production than in the years of moderate production. The growers' return per bushel was approximately the same during the two periods compared. The average per bushel received by the grower in 1923 and 1927 was \$1.02. The average in 1925 and 1928 was \$1.03. The average yearly return to the producers for potatoes sold in the seasons of normal production was \$269,050,000. The average for the extremely small and large crop years of 1925 and 1928 was \$248,700,000. The marketing and transportation costs, however, were considerably higher in the low and high crop years of 1925 and 1928 than during the seasons of medium production. During the latter, transportation and marketing costs averaged 89 cents per bushel as compared with a \$1.08 per bushel average in the two years 1925 and 1928.

The general conclusions from this study supported another study making comparisons of the average for the three highest years and the three lowest years with three seasons of normal production in the longer period of 1920-1934. The three largest crops of this period were raised in 1922, 1928 and 1934; the three smallest in 1925, 1926 and 1933 and the years in which production most nearly approached normal were 1923, 1927 and 1932. The average return per bushel to the grower for the years of high and low production of this longer period was 84 cents per bushel as compared to the 83 cents in the years 1923, 1927, 1932. As was the case in the shorter period, however, the total return to growers averaged higher in the seasons of medium harvests. The producers received about \$203,000,000 annually in moderate production years of 1923, 1927 and 1932. The average yearly return in the high and low years was \$200,500,000. The study of the longer period also showed that the consumer fared considerably better in the seasons when the crop was neither particularly high nor exceptionally low than he did in the years of extreme fluctuation.

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ST. LOUIS HEARING
ON MILK AGREEMENT

The first public hearing on a proposed marketing agreement and proposed order, under the Agricultural Adjustment Act, as amended, regulating the handling of milk, will be held in St. Louis, Mo., on November 5. The proposed marketing agreement and the proposed order each embody, in similar terms, a plan for the regulation of such handling of milk in the St. Louis, Mo., marketing area as is in the current of interstate commerce, or which directly burdens, affects or obstructs interstate commerce in milk or its products, substantially the same as is contained in the existing license for the St. Louis milk sales area, issued March 4, 1935.

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BANKHEAD TAX-EXEMPT
CERTIFICATE PRICE LOWER

The transfer price of cotton tax-exemption certificates issued under the Bankhead Act to producers has been lowered from 5 cents to 4 cents per pound effective

October 21, the Agricultural Adjustment Administration announced. The exemption certificates permit the ginning and sale tax free of the quantity of cotton represented by them. Producers holding certificates in excess of their actual production may transfer them to other producers who have grown cotton in excess of their allotments. The change in the price of certificates necessitates the immediate closing of the special surplus cotton tax-exemption certificate pool opened several months ago for the transfer of certificates between cotton producers and the opening of a new pool. Sales by the existing pool were terminated and the pool will be liquidated as soon as returns of sales are completed and the operations have been audited. Producers participating in the special pool did so under trust agreements stipulating that they would receive 5 cents per pound on their prorata shares of the amount of the certificates which could be sold by the pool. The pool would have closed on November 7 under the terms of the trust agreements. Approximately 40 percent of the certificates placed in the current pool had been sold and the 191,557 participating producers will be offered an immediate opportunity to transfer their prorata shares of the unsold certificates to the regular 1935 national surplus cotton tax-exemption certificate pool about to be opened, from which certificates will be sold at the new transfer price of 4 cents. Otherwise, a producer's prorata share of the unsold certificates will be delivered to him as soon as practicable after the pool is liquidated. The funds received from the sales by the existing special pool will be prorated and distributed to participants after deducting expenses.

The national pool, which operated in 1934, distributed \$15,842,162.91 to 402,074 participating producers in 18 cotton-growing states. In turn the producers who bought certificates from that pool because they were not able to acquire certificates from other producers in their own communities saved approximately \$6,680,000, which was the difference between the price of the certificates made available by the pool and the established tax rate for the 1934-35 crop year. That pool was conducted at a cost slightly greater than one percent of the gross cash receipts, the expense being borne by the participants. Producers now holding a surplus of certificates are advised to surrender them to the 1935 national pool inasmuch as present indications point to only a slight margin between the latest Government crop estimate of 11,464,000 bales and the approximate total of all certificates available for use during the current crop year. It is believed that the maximum carryover in surplus certificates for the current crop year will not exceed 200,000 bales. Transfers of certificates between producers must be handled by the national pool if the producers do not live in the same state.

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BANKHEAD TAX
RATE ESTABLISHED

The Agricultural Adjustment Administration announced that 10.90 cents per pound had been determined as the average price of lint cotton on the 10 designated

spot cotton markets for a representative period, as the base for determining the rate of the tax on the ginning of cotton under the Bankhead Act. This determination by the Secretary of Agriculture, under the Act, automatically fixes the new tax rate at 5.45 cents per pound of lint cotton. The new rate is effective as of October 21. The Bankhead Act, which was continued in operation for the present crop year following a vote for continuance by 89.5 percent of the cotton producers who participated in the referendum last December, has been in operation since April 21, 1934. Cotton produced in excess of the allotments under the Act is subject to the ginning tax, which is 50 percent of the average central market price of 7/8-inch middling spot cotton on the 10 spot cotton markets for a representative period. The tax may not be less than 5 cents per pound of lint cotton.

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TAX-PAYMENT WARRANTS
FOR CIGAR TOBACCO

Plans have been made for issuing tax-payment warrants to cigar tobacco producers who are entitled to such warrants for the 1935 crop under the Kerr-Smith Tobacco Act. This

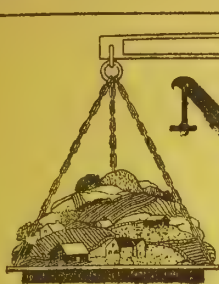
Act levies on the sale of tobacco, with respect to which the tax is applicable, a tax at the rate of 33-1/3 percent of the price for which such tobacco is sold. Tax-payment warrants are issued by the Secretary of Agriculture to the producers, entitled to them under the Kerr Act, to be used by such producers in paying the tax. The tax is collected by the Bureau of Internal Revenue. Under the plans announced, tax-payment warrants will be issued for cigar tobacco types 41, 42, 43, 44, 51, 52, 53, 54 and 55. These types of tobacco are produced in Pennsylvania, Ohio, Indiana, Connecticut, Massachusetts, New Hampshire, Vermont, New York, Wisconsin, Illinois and Minnesota. The cigar tobacco producers who are entitled to tax-payment warrants for the 1935 crop under the Kerr Act are: Contracting producers who comply with the terms of the production adjustment contract; non-contracting producers who show they could not get an equitable base acreage under an adjustment contract in 1935; non-contracting producers who, because of religious or moral scruples, did not sign an adjustment contract but who have not planted a larger acreage nor produced for market a greater quantity of tobacco than they could have planted or produced for market under contract. Warrants issued to each contracting producer will be for the quantity of tobacco, in pounds, that the producer is permitted to market under his contract with the Secretary. Since cigar binder and filler tobacco adjustment contracts contain no provision for a production allotment, expressed in pounds, the Secretary has provided a form on which each producer will make application for a 1935 production allotment. These application forms will be mailed to producers through the state offices. After the producer has filed his allotment application, it will then be submitted to the community and county committeemen and state agents for approval. The 1935 production allotment will be the total amount of tobacco harvested on each farm in 1935 under the terms of the contract. Forms also will be provided for non-contracting growers to apply for allotment of warrants. Issuing tax-payment warrants to non-contracting cigar tobacco growers will be a comparatively small task as the vast majority of the growers are operating under contract. Of about 28,600 farmers who produce these types of tobacco, about 27,500, or 96 percent are under contract.

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PROVISION FOR MARKETING
EXCESS LOUISIANA CANE

Louisiana sugarcane producers who have complied with the acreage provisions of their adjustment contract, but whose production of sugarcane in 1935 is in excess of their base production on account of high yields of cane per acre, may market this excess sugarcane by agreeing to make corresponding reductions next year in their acreage and production allotments, or by taking deductions in their benefit payments, the Agricultural Adjustment Administration announced. This marketing procedure has been made possible through Louisiana Sugarcane Administrative Ruling No. 5. The ruling applies to producers whose yields have been larger than expected, resulting in the production of sugarcane in excess of their base production. For producers who have both excess acreage and excess production, the excess cane may be marketed only if certain deductions are made from the producer's benefit payments. In any event, the total marketings are to be no greater than 120 percent of the base production of the producer.

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NEWS DIGEST

AGRICULTURAL

ADJUSTMENT ADMINISTRATION



VOLUME 3, NUMBER 4 1935

November 2, 1935

TAX-EXEMPT POTATO SALES ALLOTMENT PROCLAIMED

A national tax-exempt sales allotment of 226,600,000 bushels of potatoes for the potato allotment year which begins December 1, 1935, was proclaimed in accordance with section 203 of the Potato Act of 1935. This section directs the Secretary of Agriculture to determine the quantity of potatoes for sale tax free which will, in his opinion, tend to give to potatoes the purchasing power equivalent to the purchasing power of potatoes during the period 1919-1929. The Act requires that a tax of $\frac{3}{4}$ of a cent per pound be collected on all potatoes sold in excess of the tax exempt allotment. The national allotment is equal to the average annual sales of potatoes during the five year period 1929-1933. An analysis of the relationship between prices, production, and sales of potatoes indicate that sales of 226,600,000 bushels would tend to result in prices approximating parity. In the past, between 64 and 65 percent of the potato crop has been sold when the national production has approximated the average of recent years and consumption has been near present levels. On this basis, sales of 226,600,000 bushels would be accompanied by a total production of from 350,000,000 to 355,000,000 bushels. Taking into account present and prospective demand conditions, such a crop, on the basis of past relationships, would result in growers' prices approximating parity. Funds under the Potato Act for making individual allotments to growers have not as yet been made available, it was pointed out. Irrespective, however, of the availability of funds to make individual allotments, the Potato Act requires that the national and state allotments be proclaimed. The Agricultural Adjustment Administration has asked the proper authorities whether funds from certain sources to administer the Potato Act can be used. It is hoped that a ruling will be had before the lack of funds seriously interferes with the work of making grower allotments. The allotments to the states were made on the basis of acreage, production and sales during a representative period in previous years in accordance with section 204 of the Potato Act. In accordance with the Act, 2 percent of the national allotment was held in reserve for use in adjusting any inequities in state appropriations. In addition, section 204a of the Act provides for an increase or decrease of 5 percent in the national allotment to meet changes in demand or supply conditions.

Apportionments to the states representing the tax exempt sales allotment of potatoes harvested in the allotment year beginning December 1, 1935, have been made as follows in thousands of bushels: Maine, 32,799; New Hampshire, 955; Vermont, 1,199; Massachusetts, 1,466; Rhode Island, 377; Connecticut, 1,688; New York, 18,321; New Jersey, 6,129; Pennsylvania, 14,124; Delaware, 244; Maryland, 2,110; Virginia, 10,348; West Virginia, 955; North Carolina, 4,375; South Carolina, 1,999; Georgia, 333; Florida, 3,087; Kentucky, 1,044; Tennessee, 533; Alabama, 1,332; Mississippi, 222; Arkansas, 910; Louisiana, 1,199; Oklahoma, 1,221; Texas, 1,910; Ohio, 5,552; Indiana, 1,688; Illinois, 600; Michigan, 14,767; Wisconsin, 11,548; Minnesota, 13,746; Iowa, 1,399; Missouri, 1,488; North Dakota, 4,974; South Dakota, 1,221; Nebraska, 5,130; Kansas, 2,221; Montana, 799; Idaho, 16,833; Wyoming, 2,021; Colorado, 10,126; New Mexico, 200; Arizona, 200; Utah, 1,443; Nevada, 444; Washington, 5,818; Oregon, 3,953; California, 7,017. Total for all areas, 222,068,000 bushels; 2 percent reserve, 4,532,000 bushels. United States total, 226,600,000 bushels.

45-CENT CORN LOAN
GETS APPROVAL

The Commodity Credit Corporation has approved recommendations of the Agricultural Adjustment Administration for a loan of 45 cents per bushel to eligible farmers on corn properly stored and sealed on the farm. A commitment has been asked from the Reconstruction Finance Corporation to provide for the loan. The loan marks the continuation of a policy first inaugurated in the fall of 1933 to enable farmers to market their crop in a more orderly fashion. One hundred percent collections have been realized by the Government on loans made to approximately 213,000 farmers under the previous corn loan programs. Loans under the new program will be limited to the corn producers who are cooperating in corn-hog adjustment programs. They will be made available on or after December 1 on field corn that has been husked and stored in the ear in suitable cribs sealed in accordance with the laws of the state in which they are located. As under the previous programs, loans will be made only in those states which have uniform warehousing laws relative to storage of grain on the farm. The loans are to be made only on corn which, if shelled, would grade No. 3 or better. The grade requirements under the two previous loan programs was No. 4. Government officials felt that it was desirable to store only the better grade corn for future needs and to feed the lower corn as promptly as possible in order to prevent spoilage. Cribs will be sealed this year only if they are of such construction as will permit proper storage for a period of two successive years. Other details are being worked out between the Adjustment Administration and the Commodity Credit Corporation.

Loans under the past two programs were made to producers in the 10 States -- Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, and South Dakota -- which had uniform warehouse acts for storage of corn on farms. Under the 1933-34 corn loan program, 197,000 farmers borrowed approximately \$120,-500,000 collateralized by about 270 million bushels of corn -- more than one-tenth of the annual average corn crop -- at the rate of 45 cents a bushel. A great portion of this corn was carried forward into 1934 when the drought reduced the corn harvest by a billion bushels. The money advanced to 15,689 corn producers under the 1934-35 loan program amounted to \$11,038,390 on nearly 20,067,000 bushels at the loan value of 55 cents a bushel. The decrease in volume of loans in 1934 has been directly attributed to the drought which limited the corn supplies on farms. The corn loan program is a valuable device for carrying reserve supplies of corn from one year to another, if it is coupled with a sound production control program.

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CORN-HOG PRODUCERS VOTE
6 TO 1 TO CONTINUE PROGRAM

Figures based on incomplete official returns to the Agricultural Adjustment Administration from each of the 48 states show that more than 813,000 corn and hog producers, or 86.37 percent of the 941,000 ballots polled in the nationwide referendum on October 26, voted to continue a corn-hog adjustment program. The final official results will be announced as soon as certified State reports have been received by the corn-hog section. Reports from 21 States were incomplete at noon, October 30, when the compilation was made. Of the 941,403 producers who voted, 813,063 favored another corn-hog program while 128,340 voted to discontinue adjustment -- a ratio of 6.3 to 1 in favor of adjustment. The 745,415 contract signers polled voted 10.5 to 1 for another program to follow the 1935 program which expires November 30. The nearly 200,000 non-contract signers who went to the polls voted 2 to 1 for continued adjustment. In the first corn-hog referendum a year ago, 2 out of 3 of the 579,716 producers who voted favored a corn-hog program in 1935. The vote among the 44,026 non-signers last year was 1 to 2 against adjustment. In order to secure the views of a preponderant majority of corn and hog producers every farmer who produced corn or hogs in 1935 was urged to vote in the referendum this year.

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POTATO AGREEMENT
HEARINGS SCHEDULED

Public hearings on a proposed marketing agreement for potatoes will be held in North Dakota, Wisconsin, Minnesota, and Michigan, beginning November 4 and continuing through November 15, the Agricultural Adjustment Administration announced. Hearings will be held at Grand Forks, N. D., November 4; Rhinelander, Wis., November 4; Stevens Point, Wis., November 6; St. Paul, Minn., November 6; Traverse City, Mich., November 11; Grand Rapids, Mich., November 13; and Pontiac, Mich., November 15. The proposed marketing agreement to be discussed at the hearings, would make it possible to regulate interstate shipments of cull and other low-grade potatoes. Should prices continue at unsatisfactory levels after the initiation of the agreement, interstate shipments of other grades could be regulated through proration under the agreement. In case the marketing agreement is signed by 50 percent of the handlers of potatoes in the area affected, and approved by two-thirds of the producers in that area, it may be declared effective by the Secretary of Agriculture. A supporting order would then be issued by the Secretary which would render the provisions of the agreement binding upon all handlers within the area. Work of administering the agreement locally would be in the hands of a district committee in each district. The agreement would terminate on June 30, 1936.

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REGULATIONS TO GOVERN
PROCEEDINGS ON ORDERS

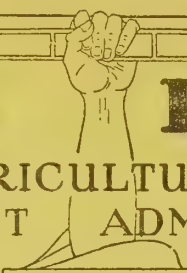
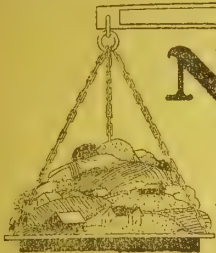
General Regulations, Series D, E and F have been issued by the Agricultural Adjustment Administration to govern the filing of petitions and hearings on petitions under subsection (15) (A) of section 8c, and to govern the procedure as to investigative hearings, the production of evidence and appearances at all administrative hearings, as required by the Agricultural Adjustment Act, as amended August 24.

Regulations Series D, governing petitions and hearings, became necessary under a new provision of the Act. They govern the filing of petitions for modification of or exemption from orders and set out the contents of the petition, the method of conducting the hearing, and the nature of the rulings to be made by the Secretary of Agriculture, and other allied matters. Petitions must be filed in good faith and not for delay. These regulations also are applicable to section 8c, subsection (14), which grants to handlers who violate orders of the Secretary immunity from prosecution from the date on which the petition is filed to the date upon which notice of the Secretary's ruling is given. Series E of the regulations are designed to govern investigative hearings on alleged violations of orders by handlers. Upon determining that there has been a violation, the Secretary may refer the matter to the Attorney General for appropriate action. Express authorization for investigation of alleged violations of Orders is given under section 8a (7) of the Act. Series F of the regulations are applicable to all administrative hearings and contain provisions governing the issuance and service of subpoenas, the taking of oaths and affirmation, the taking of depositions, the introduction in evidence of official publications, the fees and mileage for witnesses and the appearances in proceedings relating to orders. The principal authority for these regulations in section 9 and 10 of the Federal Trade Commission Act which are incorporated in the Agricultural Adjustment Act.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



NOV 2 1935

VOLUME 3, NUMBER 6

November 9, 1935

CORN-HOG PROGRAM RECOMMENDATIONS

A proposal to permit signers of corn-hog contracts to produce 100 percent of their base hog production next year received the unanimous approval of producers and state agricultural specialists in conference with officials of the Agricultural Adjustment Administration in Washington this week. The conferees recommended a hog adjustment payment of \$2.50 for each hog produced up to 50 percent of each signer's base. The payment would be the same for a production ranging from 50 percent to 100 percent of the producer's base. The new contract would call for an optional adjustment of from 10 to 30 percent in the base corn acreage of individual signers in 1936 with the requirement that participating farmers produce 25 percent of their base acreage. It was suggested, however, that an optional adjustment of 10 to 25 percent in corn production would be satisfactory if it would bring about the desired reduction of 10 million acres in corn next year. Corn adjustment payments would remain at 35 cents a bushel, as in 1935, on the estimated yield of retired acres. The group unanimously approved establishment of corn and hog bases by an "appraisal method." The proposed method would provide that community corn-hog committeemen appraise the farm to be operated by each applicant for a contract and would recommend the base for corn and for hogs on each farm in 1936. County quotas would limit the aggregate acreage of corn and the total number of hogs that could be assigned to contract signers within each county. The proposal that the acreage of soil-improving and erosion-preventing crops on each farm be increased by an amount equal to the acreage which the contract signer wishes to retire from corn production was unanimously approved. The conference went on record as favoring the inclusion of corn for silage in the corn base thus eliminating the requirement of checking compliance as to the use made of the corn. Work will be started immediately upon the drafting of the new contract along the lines recommended by the conference.

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RENTAL AND BENEFIT PAYMENTS REPORTED

During July and August, the first two months of the current fiscal year, farmers cooperating in six agricultural adjustment programs received rental and benefit payments totaling \$71,612,285.41, according to the monthly report issued by the Comptroller of the Agricultural Adjustment Administration. Rental and benefit payments accounted for the greater part of the total expenditures of \$89,111,906.60, reported for the period. Other disbursements included removal and conservation of surplus, expenditures of \$549,569.36; drought relief and disease eradication, \$3,046,275.35; trust fund operations, \$2,176,224.21; administration, \$7,114,622.23; and tax refunds, \$4,612,930.04.

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TWO-YEAR ADJUSTMENT
PLAN FOR CORN AND HOGS

A two-year adjustment program for corn and hog producers was announced following a formal proclamation of a new program by the Secretary of Agriculture. An investigation, which included the public hearing in late September, constituted the basis upon which the economic justification and need for a new program was determined. Adequate participation in another program was apparently assured when approximately 950,000 producers voted 6.3 to 1 in favor of continuing corn and hog adjustment. Though drafting of the new voluntary contract will soon begin, the extent of adjustments to be required, the amount of adjustment payments, and other fundamentals and details of a new contract will not be determined until some time after the conference of farmers, state agricultural specialists and Agricultural Adjustment Administration officials which is being held in Washington this week.

The principal objective of the new program will be to maintain a balance between the production and consumption of corn and hogs. Since a major adjustment problem is to prevent an excessive production of hogs in 1937, Administration officials are of the opinion that farmers will welcome a two-year contract in order that they may know what adjustments will be required and thus plan their farming operations over a longer period of time. Likewise it is pointed out that a longer program would be more economical from an administrative standpoint. The Adjustment Administration has recommended that corn production next year be limited to 95 million acres, or about 10 million acres less than would be likely to be harvested without adjustment. This would require an aggregate adjustment of approximately 20 percent on the part of all contract signers. Depending upon the 1936 corn crop and the demand expected next fall for the 1937 crop, it has been proposed that the maximum aggregate corn reduction for 1937 be placed at 25 percent. Proposed hog adjustments are calculated to provide for a 30 percent increase in federally inspected slaughter in 1936-37 above the slaughter expected in the present year which began October 1, 1935. It is proposed that contract signers be permitted to produce a maximum of 100 percent of their production in the base years, 1932-1933. Maximum and minimum hog production requirements will be imposed under the new contract particularly to prevent regional dislocations in production next year which, officials state, would be certain to develop in the absence of a new program because of maladjustments in feed supplies and hog numbers brought about by the 1934 drought. The new corn-hog contract will require that an area at least equal to the number of acres withdrawn from production of corn be added to the usual area of the farm devoted to soil-improving and erosion-preventing uses.

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PECAN AGREEMENT
TENTATIVELY APPROVED

A marketing agreement for handlers of paper-shell pecans, designed to improve marketing conditions and increase returns to producers, has been tentatively approved, the Agricultural Adjustment Administration announced. It applies to the handling of paper-shell pecans produced in North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, Texas and Oklahoma. The agreement was developed at the request of representatives of the industry and now is being sent to those engaged in the industry for signature after which it will be considered for final approval by the Secretary of Agriculture. The principal provisions govern quality, size and pack specifications for unshelled pecans, require posting of prices, and prohibit certain unfair trade practices. Administration of the agreement would be in the hands of a control board made up of representatives of growers and handlers.

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COMPENSATORY TAX ON
REINFORCED PAPER TAPE

In accordance with findings and a proclamation by the Secretary of Agriculture, effective November 1, that the processing tax on cotton is causing and will cause to processors of cotton disadvantages in competition between cotton fabric tape and reinforced paper tape, a compensatory tax became effective as of that date on the processing of reinforced paper fabric into reinforced paper tape. The rate of the tax is 21.7 cents per thousand 1-inch yards of reinforced paper fabric tape, approximately the same rate per equivalent unit now in effect on the processing of cotton. Regulations issued in connection with the proclamation provide that in any case where the reinforced paper fabric tape has any cotton content the tax shall be reduced by an amount equivalent to the amount of the processing tax on cotton used in the manufacture of the reinforced paper fabric tape. The regulations also provide for the necessary technical definitions and for conversion factors which are necessary to determine the amount of tax imposed on floors stocks and to determine the amount of refunds to be made under the terms of the Agricultural Adjustment Act, as amended.

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POSTAGE METER TAPE
HEARING SCHEDULED

A public hearing will be held to consider whether the payment of the processing tax upon cotton is causing, or will cause, to cotton processors or producers disadvantages in competition from postage meter tape and other types of gummed paper tape, by reason of excessive shifts in consumption, and whether the definition of gummed paper tape now in force should be revised to give effect to recent developments in the gumming industry. The hearing is scheduled for November 15 at Washington, D. C. The Agricultural Adjustment Act provides that if the Secretary of Agriculture finds, after investigation and opportunity for hearing to interested parties, that disadvantages in competition exist, or will exist, he shall proclaim such finding and shall specify a compensating tax rate on the processing of the commodity necessary to prevent such disadvantages in competition. In no case can the tax imposed upon such competing commodity exceed that imposed, per equivalent unit on the basic agricultural commodity.

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SUGAR RELEASED FOR
PROCESSING UNDER BOND

Approval of two applications for release from customs custody during December, 1935, of sugar to be processed under bond was announced by the Agricultural Adjustment Administration. Approval was granted under the provisions of section 201 (b) of General Sugar Order No. 1, Revision 1. This section of the order permits sugar to be brought into the United States and to be processed under bond without regard to quotas, provided such sugar or its equivalent is returned to customs custody and control within 30 days. The releases total 49,300 tons, against which processors have quota stocks which they will be able to distribute for consumption. The applications were from processors who have plants at Atlantic ports and who now have sugars stored in customs custody and control. The applications were approved after facts submitted by the processors, and other available data, indicated that the processors would be unable to operate their plants at Atlantic ports in December without such release of sugars. Release of sugars impounded at Gulf ports for processing in plants in that region was also applied for, but was not granted at this time in view of the quantity of the 1935-36 Louisiana raw sugar crop now available for processing in the Gulf area.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 3, NUMBER 7

November 16, 1935

LIMITED FUNDS MAY BE HAD FOR POTATO ACT

The Agricultural Adjustment Administration announced that under a ruling of the Comptroller General, emergency relief funds are not available for administration of the Potato Act. "The Potato Act of 1935," said the Comptroller General's ruling, "was enacted subsequent to the Emergency Relief Appropriation Act of 1935, and while it was enacted as Title II of an act entitled 'An Act to Amend the Agricultural Adjustment Act, and for other purposes,' said Title II, which is the Potato Act of 1935, does not purport to be an amendment of the Agricultural Adjustment Act. Consequently the appropriations made by the Emergency Relief Appropriation Act of 1935 are not available for the expenses of administering the Potato Act of 1935." The Comptroller General also advised that any funds of the Department of Agriculture not specifically limited to a particular activity may be used. However, the Secretary of Agriculture pointed out that due to the great pressure upon the Department, every branch of the Department is using all available funds. Under another section of the Comptroller General's ruling, however, administrative expenses for the potato program may be made available in a limited amount, which will permit the Agricultural Adjustment Administration to proceed until January, when Congress reconvenes. Section 216 (a) of the Potato Act authorizes advances for this purpose in anticipation of tax collections. The estimate of tax collections has not yet gone to the Secretary of the Treasury, but officials of the potato section said the amount would be about \$25,000. It was pointed out that it will be necessary for the Secretary of the Treasury to concur in the estimate. That portion of the administrative work which is within the scope of the Agricultural Adjustment Act will be financed out of the funds appropriated to the Agricultural Adjustment Administration until Congress has had an opportunity to enact the special appropriation which failed with the Third Deficiency Bill.

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RECOVERY VALUES NEAR SURPLUS REMOVAL COSTS

Removal and conservation of surplus agricultural commodities and drought relief programs conducted under the provisions of the Agricultural Adjustment Act since its passage in 1933, have involved an expenditure of \$204,156,727, of which approximately \$187,540,089 has been or will be recovered either in cash or is represented in the value of commodities used by the Government for distribution to needy and unemployed, according to a report on activities up to November 1, compiled by the Administration's commodities purchase section. Surplus removal activities included purchases for relief distribution of hogs and pork products, dairy products and sugar. Under the drought relief activities carried on during the severe drought of 1934, surplus cattle, sheep and goats were brought and salvaged for relief use. In addition, feed, forage and improved varieties of adapted seed were conserved for sale and distribution to farmers in drought-stricken areas. Purchases of surplus dairy products for relief use began in 1933 and have been continued since.

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RULING ON SALES
OF EXCESS TOBACCO

Contracting growers of Burley, fire-cured and dark air-cured tobacco, who have complied with their contracts to date but who have produced tobacco in excess of their allotments, may obtain additional allotment cards under an amendment to an administrative ruling announced by the Agricultural Adjustment Administration. The new ruling provides two methods through which contracting producers with excess tobacco may purchase additional allotment cards. First, producers with excess tobacco may purchase, through county agents' offices, the unused allotments of other producers whose production is deficient. In such cases, the producer whose production is less than his allotment will be required to execute a form on which he waives the deficiency payment under his contract for 1935. Under the other method, a contracting grower with excess production may, after he has sold his initial allotment, purchase an additional allotment card through county agents' offices by refunding 3 cents for each pound of excess Burley tobacco, and 2 cents for each pound of excess fire-cured and dark air-cured tobacco. Under this latter method, the producer purchasing the additional allotment card will be required to sign an agreement and deliver to the county agent a certified check, bank draft, cashier's check, or postal money order made payable to the order of the United States Department of Agriculture. The funds accumulated through these refunds will be used in making benefit payments to all growers who cooperate under tobacco contracts. The value of excess tobacco sold will not be included in calculating the amount of the adjustment payments under the contracts for 1935.

In order to encourage the diversion of the lower grades of tobacco to by-product uses, especially in the case of dark types of tobacco, growers with excess production may sell such excess tobacco to manufacturers who enter into an agreement with the Secretary to use such tobacco only in the manufacture of nicotine, spray material, fertilizer, or other tobacco by-products. For additional allotment cards to cover such sales to nicotine companies, the contracting grower will pay 1/2 cent per pound and will be eligible to receive tax-payment warrants if the sale bills are properly certified by the nicotine buyers. Detailed instructions may be obtained through county agents' offices when the markets open. Contracting growers will not be permitted to sell tobacco except on allotment cards issued in accordance with the provisions of the contract or the ruling.

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10-MONTHS SUGAR ENTRIES
CHARGED AGAINST QUOTAS

The quantity of sugar entered for consumption in the United States during the first 10 months of this year from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 4,364,613 short tons, raw value, without final polarization and final outturn adjustments. This quantity has been charged against the 1935 quotas for the areas indicated, the Sugar Section of the Agricultural Adjustment Administration reported. The status of the continental quotas is not given in the report which deals only with entries of offshore sugars. However, according to preliminary information, as of November 1, the quantity charged against the continental cane sugar quota amounted to 118,017 tons in terms of 96-degree sugar, including both raw and direct consumption sugar. The quantity charged against the continental beet sugar quota amounted to 1,208,146 tons.

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CALIFORNIA CITRUS
ORDER UP TO GROWERS

An order, regulating the handling of oranges and grapefruit grown in the states of California and Arizona in a manner designed to increase returns to growers and to improve marketing conditions through proration and regulation of shipments, has been offered for consideration and approval by growers, the Agricultural Adjustment Administration announced. The order was prepared on the basis of the existing marketing agreement which was originally executed by shippers who represented over eighty percent of the oranges and grapefruit shipped from California in interstate and foreign commerce. The order, developed at the request of the industry and considered at a public hearing which opened October 9 at Los Angeles, California, is intended to replace the existing license as a supplementary enforcement measure for the agreement. The California and Arizona citrus industry has been operating under the agreement since December 14, 1933, and under a license which became effective December 18, 1933. The general crops section of the Agricultural Adjustment Administration announced that before the order becomes effective, a referendum will be held among orange and grapefruit growers of California and Arizona to determine whether they favor its issuance. The exact date of the referendum will be announced within a few days. The principal provisions of the order are based upon those contained in the marketing agreement, with changes, however, in the phraseology and terms so as to conform to the requirements of the Agricultural Adjustment Act as recently amended, and also for the purpose of rendering clear and more explicit the terms and provisions of the marketing agreement which have their counterpart in the order. Those provisions of the marketing agreement which relate to the National Stabilization Plan for Oranges and Grapefruit, and those concerning the regulation of charges that may be made by shippers for services rendered to growers, have been eliminated from the order. Administration of the order would be through an agency consisting of a growers' advisory committee and a distribution committee, which have administered the provisions of the industry's marketing agreement. The order requires the growers' advisory committee to name a grapefruit committee to assist in administering its provisions as they concern grapefruit.

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TERMINATE TEXAS
CITRUS AGREEMENT

An order terminating the marketing agreement and license for shippers of grapefruit and oranges in the State of Texas became effective November 14. The marketing agreement and license, in effect since December 26, 1933, sought to increase returns to growers through proration of the total volume of oranges and grapefruit that might be shipped, and through limitation of the grades and sizes of fruit shipped. Requests for termination have been received from certain groups of shippers and growers of Texas citrus fruits. Termination of the agreement at this time will give the industry, if it so desires, full opportunity to develop a plan for the 1936-37 marketing season under provisions of the amended Agricultural Adjustment Act.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 3, NUMBER 8

November 23, 1935

POTATO ADVISORY GROUP SUBMITS RECOMMENDATIONS

The National Potato Advisory Committee, which just concluded a two-day conference with officials of the Potato Section, has unanimously recommended that regulations be drawn up under the Potato Act permitting all growers, whose sales records show that they have been selling not to exceed 50 bushels of potatoes annually, to obtain tax-exemption stamps sufficient to cover sales in the amount of their actual average sales during the base period, 1932-35. For example, of a grower's average sales during the base period were 20 bushels annually, he would receive tax-exemption stamps equal to 20 bushels for each potato allotment year. The Committee's action was taken after it had been informed by officials of the Potato Section of the Agricultural Adjustment Administration that authority for such an exemption may exist under subsection (2) of section 205 of the Act. Previously, the Potato Program Development Committee, composed of representative commercial potato growers, had recommended on October 5 that the exemption for producers be increased from 5 to 50 bushels. The National Potato Advisory Committee, representing all important potato producing areas in the United States, stated that the intent of the Act was to prevent periodic accumulation of large commercial surpluses and NOT to interfere with the established practices of the small non-commercial growers and that consequently the proposed exemption increase conformed to the spirit of the Act. The committee also endorsed proposals for changes in the Potato Act of 1935 which had been recommended previously by the Potato Program Development Committee.

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SUGAR BEET ADJUSTMENT TO COVER 1936 CROP

The present sugar beet production adjustment contract has been extended by the Secretary of Agriculture to include the 1936 crop year. The contract provides that such extension may be made. By means of the adjustment contract, a national sugar beet acreage sufficient to produce, on the average, 1,550,000 tons of sugar has been allotted to cooperating producers on the basis of their past production. The producers receive benefit payments on their beet production. These payments, together with the receipts from the sale of the crop, provide parity returns. In addition producers who have to abandon planted acreage because of general crop failure may receive crop deficiency payments which provide a measure of crop insurance. Benefit payment to be made to cooperating producers for 1936 under the extended contracts will be computed upon the same basis as in 1934 and 1935. Acreage allotments to farmers for 1935 totalled approximately 975,000 acres. This was the acreage considered necessary to produce, with average yields, the 1,550,000 tons of sugar which the Jones-Costigan Amendment provides may be marketed annually by the domestic beet sugar industry. The acreage actually planted for 1935 was only approximately 847,000 acres as drought conditions were severe in much of the western area at planting time. The acreage planted in 1934 was 945,000 acres. The parity price of sugar beets for 1934 was computed at \$6.79 a ton and benefit payments were \$1.75 a ton, less a small deduction for local administrative costs of the program. The rate of the 1935 benefit payment will depend upon the prices received for sugar and sugar beets during the current marketing season and the parity price for the year.

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NEW CORPORATION
WILL HANDLE SURPLUSES

Functions of the Federal Surplus Relief Corporation, modified to meet operating needs under recently enacted amendments to the Agricultural Adjustment Act, will be taken over by the Federal Surplus Commodities Corporation, organization of which has been announced by the Agricultural Adjustment Administration. The new corporation, like its predecessor, is a non-stock, non-profit organization chartered under the law of the State of Delaware. The members of the corporation are the Secretary of Agriculture, the Governor of the Farm Credit Administration, and the Administrator of the Agricultural Adjustment Act.

The Federal Surplus Commodities Corporation will provide means for effective use of (1) funds appropriated under the Jones-Connally Act and the LaFollette Amendments for the purchase of surplus dairy products; (2) such other funds as may now be available, or as may become available under Section 32 of the amendments to the Agricultural Adjustment Act, to the corporation or the Agricultural Adjustment Administration to be used in removing surpluses, and in encouraging domestic consumption of agricultural commodities. Circumstances may arise under which the corporation would serve as an agency to arrange for diversion of surplus farm products from normal channels of trade. The Commodities Purchase Section of the Agricultural Adjustment Administration, already established, will make such purchases of surplus agricultural products as may be bought outright, and the Federal Surplus Commodities Corporation will arrange with accredited state and local relief and welfare agencies for distribution of these commodities to persons under their care. Distribution is to be on such a basis as will not interfere with regular commercial purchases.

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N. Y.-N. J. MILK ORDER
CONFERENCES WITH INDUSTRY

On the basis of a request of the Governors' Committee on Interstate Milk Relations for a public hearing on a marketing agreement and order the New York-New Jersey metropolitan milk marketing area, the Dairy Section of the Agricultural Adjustment Administration announced assignment of a member of its staff to be available to discuss the proposal with responsible heads of the various interested groups in the area. A proposed order has been developed by the Governors' Committee on Interstate Milk Relations in cooperation with the Dairy Section. Copies of this proposal have been distributed to interested groups in the metropolitan milk marketing area by the chairman of the committee. In making a member of its staff available for discussion of the committee's proposal, the Dairy Section pointed out that it is interested in obtaining the views of all factors in the market.

The Dairy Section indicated that as a result of conferences with the committee, it was apparent that the representatives of the milk control boards, who are members of the committee, are in substantial agreement as to the general outlines of a program for regulating interstate milk shipments in the metropolitan area. Before further action is taken, it is the Dairy Section's desire to meet with responsible heads of producer, distributor, regulatory and other groups for the purpose of arriving at a common basis of understanding of the broader problems involved. Whether a program for regulation of milk is put into operation in the New York-New Jersey metropolitan milk marketing area depends to a large extent upon the wishes of the milk producers themselves, it was pointed out. The Agricultural Adjustment Act specifically provides that before an order can be issued it must be approved by at least two-thirds by number or volume of the producers of milk sold within the marketing area. If it appears that the different farm groups are sufficiently interested in a plan for regulating interstate commerce in milk in this area, the Dairy Section indicated that a public hearing would be called.

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DROUGHT-HIT AREA FARMS
MAY RESTOCK WITH COWS

Consumers of American dairy products today are being supplied with milk from 184 cows per thousand population, compared with 177 cows in 1928 and 1929, according to the Dairy Section of the Agricultural Adjustment Administration. The increase in the number of milk cows on farms of the United States has been continuous. From 1900 to 1925 the number of cows increased at a rate slightly lower than the increase in population. After a brief period during which there was little change in cow numbers, the upward trend resumed. From 1929 to 1934 the increase in the number of milk cows exceeded the growth in population. The peak was reached in 1933 when there were 195 milk cows per thousand population. As a result of liquidation during the 1934 drought and the nation-wide cattle disease eradication program now in effect, the present number of 184 milk cows per thousand population is in line with the average number of cows per thousand population in the United States from 1928 to 1933, inclusive.

In view of recent developments in the dairy industry and in agriculture in general, it seems entirely possible that the upward trend in cow numbers may be resumed during the next few years. It probably would be two years before the number of milking cows could be increased substantially by an increase in the number of heifers freshening. However, after a year of heavy culling, many farmers are now in a position to cull lightly, and the number of milk cows probably could be increased somewhat by a lower than average rate of culling during the next year or two. It also should be noted that the reduction in milk cow numbers during 1934 was not uniform throughout the country, as most of the liquidation took place in the drought-stricken areas. It seems reasonable to expect that farmers in the 1934 drought areas, who found it necessary to liquidate large proportions of their herds, will exert strenuous efforts to build up their herds as soon as possible. It also may be expected that farmers who disposed of large proportions of their herds under the disease elimination program will do the same. On the other hand, beef and hog prices are high relative to prices of dairy products, and this factor may operate to cause farmers to expand their dairy enterprises to a lesser extent and at a lower rate than might otherwise be expected.

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GRAPEFRUIT BASE
PERIOD DESIGNATED

The period, November 1924-October 1928, has been proclaimed by the Secretary of Agriculture as the base period for ascertaining the purchasing power of grapefruit. This base period will be the yardstick used in the execution of a marketing agreement and the issuance of an order regulating the handling of grapefruit in the two states. The November 1924-October 1928 period was designated because the purchasing power of grapefruit in California and Arizona can be satisfactorily determined from available statistics in the Department of Agriculture for that period, but cannot be satisfactorily determined for the August 1909-July 1914 period or for the August 1919-July 1929 span.

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RIPE OLIVE MARKETING
PROGRAM TERMINATED

An order terminating the marketing agreement and license for the California ripe olive canning industry became effective November 19. The order of termination provides, among other things, that the members of the control committee, established under the marketing agreement, shall act in the capacity of trustees for the purpose of liquidation.

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NEW PROGRAM READY FOR THREE TYPES OF TOBACCO

Growers of Burley, fire-cured and dark air-cured tobacco soon will be offered new contracts for the crop years 1936 to 1939, inclusive, to follow the present contracts which expire with this year's crop, the Agricultural Adjustment Administration announced. The new contracts are being printed and a supply probably will be sent to the field before the markets open. Of the growers polled last summer in the referendum on Burley, fire-cured and dark air-cured programs, 93 percent voted in favor of new programs with provisions similar to those of the new contracts. About two-thirds of all the growers producing these kinds of tobacco, including landowners, tenants and share-croppers cast votes in the referendum. In the two years before the adjustment program was inaugurated, growers received an average of a little more than 10 cents a pound for Burley tobacco. The price of last year's Burley crop was about 17 cents a pound. Under the adjustment program, the prices for fire-cured tobacco have increased from around 6 cents a pound in 1931 and 1932 to about 11 cents in 1934. The prices for dark air-cured tobacco have increased from around 4 cents a pound in 1931 and 1932 to about 8 cents in 1934.

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SHADE TOBACCO CONFERENCE SCHEDULED

A conference of growers, handlers, and processors of Connecticut Valley shade-grown tobacco, U. S. Type 61, will be held at the Department of Agriculture, Washington, D. C., December 6, the Agricultural Adjustment Administration announced. This conference has been called in accordance with provisions of the marketing agreement which governs the handling of this type of tobacco. The purpose is to discuss production and marketing conditions for the 1936 crop year. Representatives of growers and handlers of Georgia-Florida Type 62 tobacco may attend the conference. Although Type 62 is not under the marketing agreement for Type 61, these tobaccos are similar types, and enter into the same general use. There is in operation a production adjustment program for Type 62. The marketing agreement for Connecticut Valley shade-grown tobacco has been in effect since December 11, 1933. During the period this agreement has been in effect, the excess supply of Type 61 tobacco has been removed. The farm price of this tobacco was increased from 59 cents a pound in 1932 to 75 cents a pound in 1934. The parity price, or fair exchange value, was 77 cents a pound in September, 1935.

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SIGN WHEAT CONTRACT APPLICATIONS BY NOV. 30

The final date for farmers to sign applications for the 1936-39 wheat adjustment contract will be November 30, the Agricultural Adjustment Administration announced. Educational meetings and preparations for the signing of applications have been under way for the last two months in the majority of the wheat counties. Information received from field workers indicates that the amount of commercial acreage under contract in the Great Plains areas will be maintained or increased, but that some reduction is likely in the acreage placed under contract in eastern states. Any reduction in the east is expected to result from small growers of wheat dropping out of the program.

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MAINE POTATO PACT HEARING SCHEDULED

A public hearing will be held in the high school auditorium, at Caribou, Me., December 6, on a proposed marketing agreement and order for potatoes, the Agricultural Adjustment Administration announced. The proposed agreement and order would apply to Aroostook, Penobscot, and Piscataquis counties in Maine.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 3, NUMBER 9

November 30, 1935

NEW 4-YEAR COTTON ADJUSTMENT PROGRAM

A new four-year cotton adjustment contract which will be offered to cotton producers to replace the contract expiring at the end of 1935 has been approved by the Secretary of Agriculture. The contract covers the calendar years 1936, 1937, 1938 and 1939. A total base acreage of 44,500,000 acres has been adopted. This will be allocated among the various cotton-producing states upon a basis corresponding to the base acreage in 1935 in each state. Allocation to counties will be made from the state's quota but 10 percent will be held for apportionment by the state cotton board to be used in adjusting the acreage for counties and individual producers. The minimum adjustment required for 1936 will be a reduction of 30 percent below the base acreage established for individual farms. The producer, however, will have the privilege of reducing to a maximum of 45 percent below his base acreage. A single adjustment payment of not less than 5 cents per pound on the average yield of lint cotton on the land withheld from production under contract will be made for 1936. The division of payments between landlords and tenants on a farm under contract will be on the following basis: 37½ percent to the person furnishing the land; 12½ percent to the individual furnishing the work stock and equipment, and a division of the remaining 50 percent in the proportion that the cotton or its proceeds is divided. Contract signers agree, insofar as is economically practicable, to keep the number of tenants or share croppers that were kept the preceding year and to allow them the percentage of land which they had in cotton in 1935. The adjusted acres may be used for the production of food and feed for consumption on the farm but the customary acreage on the farm growing crops for sale must not be increased.

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BOSTON MILK MARKET AGREEMENT HEARINGS

Public hearings on a proposed marketing agreement and order designed to replace the existing license for milk distributors in the Boston, Mass., marketing area will be held in

the State Armory, St. Johnsbury, Vt., on December 10, and in the Gardner Auditorium, State House, Boston, Mass., on December 12. Prepared at the request of producer groups in the Boston area, the provisions of the proposed marketing agreement and order are designed to continue the milk marketing program which has been in effect in that section for the last two years. In general, the proposed agreement and order contain provisions relating to uniform prices to producers and operation of a market-wide pool, checking weights and tests, and assurance of payments to producers, similar to those now in effect in the market through the license. The principal difference between the present license and the proposed new agreement and order involves the base rating provision. The base rating provision in the agreement and order is designed to bring about a gradual adjustment of producer bases over a long period of time so that they will be more in keeping with Class I sales.

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TERMINATE FOUR MILK LICENSES

Termination of licenses for the San Francisco, Calif.; Alameda County, Calif.; Providence, R.I.; and Savannah, Ga., milk sales areas was announced by the Agricultural Adjustment Administration. The orders terminating the licenses were signed by the Secretary of Agriculture and became effective November 30.

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HEARING SCHEDULED FOR PROPOSED
AGREEMENT FOR COLORADO VEGETABLES

A public hearing on a proposed marketing agreement and order for handlers of peas and cauliflower grown in the State of Colorado

will be held December 12 at Alamosa, Colo. The hearing was requested by handlers representing approximately one-third of the tonnage and many of the principal growers in the area, which is now operating under a marketing agreement and license. The proposed agreement and order would provide for regulation of shipments by grades and sizes, period proration of shipments, and regulation of rail shipments of peas and cauliflower. Administration of the proposed marketing agreement and order would be under a control committee of nine persons, three selected by the shippers of peas and cauliflower, three selected by growers of peas, and three selected by growers of cauliflower.

Handlers would apply to the control committee for allotments, indicating, among other things, the quantity of peas and cauliflower available and intended for shipment during the contemplated proration period. From these applications the control committee would estimate the quantity of peas and cauliflower available to each handler for shipment and the total quantity available to all handlers during the proration period. The control committee would then estimate the total quantity of peas and cauliflower deemed advisable to be shipped during the proration period. On the basis of information supplied by the control committee, the Secretary of Agriculture would determine advisable shipments and allotments. Allotments to handlers would be based on an allotment percentage. Each handler would equitably apportion the quantity of peas and cauliflower represented by his allotment among the growers he represents. Under the provisions of the proposed agreement and order all shipments of fresh peas and cauliflower would be graded and certified on the basis of United States Department of Agriculture grades.

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SECOND PAYMENT RATES ANNOUNCED
FOR CALIFORNIA, SOUTHERN RICE

Southern rice growers who have complied with their 1935 rice production contracts will receive 40.5 cents a barrel of 162 pounds, and California rice growers will receive 25 cents a bag of 100 pounds, as their second adjustment payment. These rates were determined by the Secretary of Agriculture. The rate in each case is equivalent to $\frac{1}{4}$ cent per pound, which is equal to one-half the rate of the first payment. All payments are made on that quantity of rice equal to 85 percent of the growers' quotas, provided that if any grower planted less than 85 percent of his allotment or more than 100 percent of his allotment, his payments are reduced accordingly. The total adjustment payments under the 1935 contract will amount to \$1.21 $\frac{1}{2}$ a barrel on Southern rice and to 75 cents a bag on California rice. The fair exchange value of rice on October 15 was \$3.69 a barrel. It is estimated that the adjustment payments plus the average farm price of the 1935 crop of rice will about equal the fair exchange value on that part of rice required for domestic consumption.

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TAX INJUNCTIONS DON'T
AFFECT BENEFIT PAYMENTS

The action of the U. S. Supreme Court in accepting an appeal of the Rickert Rice Mills, Inc., and issuing a temporary injunction against collection of processing taxes on rice from that company pending the hearing of the appeal, has no significance as to the constitutionality of the Agricultural Adjustment Act, nor does it affect rental and benefit payments to cooperating farmers, according to the Solicitor of the Department of Agriculture. The question before the Supreme Court in this case, it was pointed out, is NOT whether the processing tax on rice, or the Adjustment Act as a whole, is constitutional, but whether a Federal district court decided correctly in dismissing the case on the grounds that it did not have jurisdiction to entertain a suit to enjoin collection of the processing tax. The Solicitor said that contract payments will not be affected by an injunction, as funds for such payments are advanced by the Treasury out of general funds to meet current needs of the Adjustment Administration, and that a final determination on the question of constitutionality of the Act will have no effect on the Government's obligations under existing adjustment contracts with farmers.

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ADJUSTMENT PAYMENTS ON THREE
TOBACCO TYPES DEPEND ON PRICES

Adjustment payments to growers of Burley, fire-cured and dark air-cured tobacco will depend upon the price of the tobacco each year under a provision in the new 1936-1939 contracts. Growers will receive larger adjustment payments if the price of tobacco declines and smaller payments if the price rises. Minimum payments for Burley and dark air-cured tobacco are guaranteed for 1936. For Burley, a minimum rate of payment of not less than \$2.25 per 100 pounds of base tobacco production for the farm is guaranteed for 1936. For dark air-cured, a minimum rate of not less than \$1.50 per 100 pounds is guaranteed for 1936. The fire-cured tobacco contract does not specify a minimum rate. The rate of payment for 1936 for the three kinds of tobacco will depend upon the price for the 1936 crop, but the payments may be greater than the minimum rates where specified. Under the new contract only one adjustment payment will be made each year. The 1935 contract provided for two payments -- a rental payment and adjustment payment. The 1936-1939 contract provides that all contract growers of the same kind of tobacco will get the same rate of payment. The amount a producer will receive can be calculated by applying this rate to the number of pounds of base tobacco production for the farm. About 93 percent of the Burely tobacco is consumed domestically, and three-fourths of the dark air-cured tobacco and about one-third of the fire-cured tobacco are consumed in this country. No processing tax is collected on exported tobacco.

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JANUARY-OCTOBER 1935 SUGAR
STATISTICS ISSUED BY A.A.A.

The monthly statement of sugar statistics obtained directly from cane refiners, beet sugar processors, and importers and covering the period January-October 1935 shows that total deliveries for domestic consumption during the first ten months of 1935 amounted to 5,716,297 short tons in terms of 96 degree sugar.

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NEWS DIGEST

AGRICULTURAL ADJUSTMENT ADMINISTRATION

VOLUME 3, NUMBER 10

December 7, 1935

NEW CORN-HOG PROGRAM ANNOUNCED

Details of the two-year adjustment program for 1936 and 1937 to be offered by the Agricultural Adjustment Administration to corn and hog farmers have been announced. The new contract, effective as of December 1, 1935, requires that the signer produce in 1936 at least 50 percent and not more than 100 percent of his market hog base if he is to receive the maximum hog adjustment payment. The maximum rate of benefit payments for 1936 will be \$1.25 per hog in the market base. Deductions from the maximum will be made from payments to contract signers who produce less than 50 percent of their market base number, or more than 100 percent of that number. The cooperating producer also must plant at least 25 percent of his corn base next year but not more than a percentage which is within the permitted optional range of 70 to 90 percent of his base. Corn payments in 1936 will be in two instalments, payable about August 1 and about December 31. the rate will be 35 cents per bushel, times the appraised yield, times the adjusted corn acreage. The 1937 rate per bushel is to be not less than 30 cents, and is to be announced by November 30, 1936. Hog payments will be made, in one instalment, as soon as possible after final compliance check at close of each year. The 1937 maximum rate will not be less than the 1936 maximum. Provision is made in the contract for division of payments between landlords and tenants. Planting of soil-improving or erosion-preventing crops on the adjusted corn acres in addition to the area normally devoted to these purposes on the farm, is required.

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SALES EXEMPTION RAISED FOR POTATOES

Any potato grower whose average annual sales of potatoes during the years 1932-1935 were 50 bushels or less will receive a tax free allotment of potatoes equal to such annual sales under regulations for administration of the potato act which were announced by the Agricultural Adjustment Administration. In order to obtain tax-free allotments, each grower will file an application under which he will establish his past sales. County officers will announce the time for filing applications. If a grower's past sales during the base period, 1932-1935, were 50 bushels of potatoes annually, he will receive tax exemption stamps for the potato allotment year which began December 1, 1935, equal to 50 bushels of potatoes. If his average sales were 30 bushels, he will receive tax exemption stamps equal to 30 bushels. Farms which produce five bushels of potatoes or less annually were specifically exempted under the provisions of the potato act from any tax. The increase in the exemption was possible, however, under subsection (2) of section 205 of the act.

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NEW RICE PROGRAM
COVERS 4-YEAR PERIOD

Approval of four-year production adjustment programs for Southern California and Hawaiian classes of rice was announced by the Agricultural Adjustment Administration. The proposed programs provide for contracts for a four-year period, 1936-1939. The southern program, covering the classes of rice produced in Arkansas, Louisiana, Texas and Missouri, and the California program, follow the present programs, in these two areas, under which contracts covering crops produced in 1935 are in effect. A program for the adjustment of production of rice grown in the Territory of Hawaii is being proposed for the first time. The three programs are similar to the 1935 price programs under which benefit payments were made to contracting producers for adjustment of their acreage to their individual allotments.

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FLORIDA CELERY PACT
TENTATIVELY APPROVED

Tentative approval of a marketing agreement for handlers of celery grown in Florida was announced by the Agricultural Adjustment Administration. The document is being sent to the industry for signature, and upon its return will be considered for final approval by the Secretary of Agriculture. In general the new agreement is designed to continue a program which has been in operation during the past year under a marketing agreement and license. The former agreement for Florida celery which became effective April 28, 1934 expired December 1, 1935, and the license was terminated as of December 7. The new agreement was developed at the request of the Florida celery industry and was considered at a public hearing which opened October 23 at Lakeland, Florida. It would provide for control of season total shipments, and regulation of shipments during periods within the marketing season. Administration of its provisions would be through a control committee consisting of 8 grower-members and 8 shipper-members who must be signers of the agreement.

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RULING GOVERNS SALE
OF EXCESS SUGARCANE

Louisiana sugarcane producers who have complied with the acreage provisions of their adjustment contracts, but whose production of sugarcane in 1935 is in excess of their base production because of high yields per acre, may market their excess sugarcane by agreeing to certain deductions from 1935 benefit payments and to reductions in 1936 acreage and production allotments. This marketing procedure has been made possible through Louisiana Sugarcane Administrative Ruling No. 6 which applies to producers whose yields have been higher than normal, resulting in the production of sugarcane whose yields have been higher than normal, resulting in the production of sugarcane in excess of their base productions. This ruling supplements Louisiana Sugarcane Administrative Ruling No. 5 which permitted the marketings to exceed the base production by a tonnage not greater than 20 percent of the base production. Producers who elect to market their cane in excess of their base production in accordance with the provisions of the new ruling will agree to certain deductions from the 1935 benefit payments and to a certain reduction in the 1936 acreage and production allotments.

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WASHINGTON VEGETABLE
AGREEMENT HEARING

A proposed marketing agreement and order for handlers of fresh lettuce, peas and cauliflower grown in Western Washington will be considered at a public hearing December 18, at Seattle, Wash. Developed at the request of handlers and growers representing approximately 90 percent of the lettuce, peas and cauliflower industry in Western Washington, the proposed marketing agreement and order would replace the existing marketing agreement and license and would provide for regulation of shipments by grades and sizes, and provide for period proration of shipments.

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Approval of four-year production adjustment program
for Southern California and Hawaiian classes of rice

Wet Rice Program
Covers 4-year period

PAYMENTS AND RECEIPTS
FOR FIRST 1936 QUARTER

During the first quarter of the current fiscal year, July 1 to September 30, farmers cooperating in six agricultural adjustment programs received rental and benefit payments totaling \$133,387,288.72, according to the monthly report issued by the Comptroller of the Agricultural Adjustment Administration. Such payments accounted for the greater part of the total expenditures of \$159,352,843.24 reported for the period. Disbursements for the period aside from benefit payments were listed as follows: removal and conservation of surplus, \$969,182.17; drought relief, food conservation and disease eradication operations, \$4,572,385.57; trust fund operations, \$2,176,556.40; administrative expenses, \$11,325,645.52; and tax refunds, \$6,921,784.86. The report shows that total available funds amounted to \$206,072,434.50, made up of \$169,493,451.23 from proceeds of appropriations and trust funds, and \$36,578,983.27 from processing tax receipts reported only through August 31 at the time the report was prepared. Expenditures chargeable against appropriations and trust funds amounted to \$11,193,965.44 for the period, leaving a balance of \$158,299,485.79. Expenditures chargeable against processing tax receipts amounted to \$148,158,877.80, creating a deficit of \$111,579,894.53. Thus, the net balance of total funds available as compared to total expenditures, was \$46,719,591.26 as of October 1. The deficit shown as a result of the excess of expenditures chargeable against processing tax receipts over actual receipts would show a balance instead, if processing tax funds now held up as a result of court action were received, officials stated. It is estimated that as of September 30 a total of \$126,281,273 of processing taxes are due but unpaid as a result of such litigation. If this were paid, the deficit would be wiped out and a surplus of approximately \$14,701,379 would exist. The total balance available as of September 30 then would become \$173,000,864. The estimate of the amount of taxes due, but unpaid or held in escrow under court action, was based on normal receipts for the months in which funds have been withheld, adjusted for actual receipts. Processing tax collections for the period amounted to \$40,855,548.57 of which \$5,-746,638.37 was from wheat, \$2,445,859.66 from cotton, \$8,566,105.18 from tobacco, \$510,650.28 from field corn, \$5,580,685.59 from hogs, \$319,154.08 from paper and jute, \$16,939,172.36 from sugar, \$115,914.62 from peanuts, \$124,855.73 from rice, \$47,776.15 from the cotton ginning tax under the Bankhead Act, \$285,616.64 from tobacco under the Kerr-Smith Act, \$1,266.57 from rye, and unclassified \$171,853.34.

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EVAPORATED MILK PACT
COMMITTEE BUDGETS

Approval of budgets of estimated expenses of the Producers' Committee and of the Manufacturers' Committee functioning under the provisions of a marketing agreement and license in effect for the evaporated milk industry was announced by the Agricultural Adjustment Administration. The Producers' Committee budget provides for a total of \$38,200 for operating expenses from June 1, 1935 to May 31, 1936. Under the provisions of the agreement and license this money will be utilized in providing dairymen selling to evaporated milk plants with services which include market information and checking weights and tests. A uniform deduction from payments to producers of one-tenth of one cent per hundredweight of milk purchased for the production of evaporated milk will provide the Producers' Committee with the necessary amount of money. The Manufacturers' Committee budget provides for \$5,-603.88 per month for the period June 1, 1935 to December 31, 1935. Manufacturers of evaporated milk will supply the necessary funds by a contribution of .01435 of a cent per case per month for each case of evaporated milk shipped by a manufacturer during 1934. Domestic shipments that year totaled 39,052,226 cases. The money is to be used in rendering services to manufacturers under the agreement and license.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 3, NUMBER 11

December 14, 1935

PROGRAM TO DIVERT SUB-STANDARD PRUNES

A program to divert sub-standard prunes from normal channels of trade to other uses as a means of improving returns to growers and encouraging exports and domestic consumption, will be conducted under an agreement between the industry-organized Pacific Prune Products Association and the Secretary of Agriculture. The program is to be carried on until the end of the present fiscal year, June 30, 1936. There are approximately 20,000 to 25,000 tons of sub-standard prunes available from the 1934 and 1935 crops. Under the plan, the association will purchase sub-standard prunes from the 1934 and 1935 crops, to be diverted into by-product channels for domestic and export use other than in the normal channels of trade for packed prunes. The purchases are to be made on the basis of a schedule of minimum prices approved by the Secretary of Agriculture. Funds for the purchases are to be advanced to the association by the Reconstruction Finance Corporation. Under the agreement between the Secretary of Agriculture and the association, a payment will be made to the association equivalent to the difference between the amount which it receives from sales, and the cost of the prunes to the association, including the original purchase price, and incidental handling charges, but not including administrative costs. Operation of the diversion program is made possible under the provisions of Section 32 of the recent amendments to the Agricultural Adjustment Act. This section makes available 30 percent of the gross receipts from customs duties for uses which include encouraging exports of agricultural products and increasing domestic consumption of farm products by diverting them from normal trade channels. The proceeds from the sale of the sub-standard prunes and the payments received from the Secretary of Agriculture are to be used by the association to repay advances made by the Reconstruction Finance Corporation. The cost of administering the program is to be borne by the industry through a deduction of \$1 per ton from the purchase price of each ton of sub-standard prunes bought.

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NAVAL STORES PACT PLANS SUSPENDED

Development of a marketing agreement for the naval stores industry has been suspended after a conference with the industry's committees which have been cooperating in preparation of the proposal, the General Crops Section of the Agricultural Adjustment Administration announced. The proposed marketing agreement and order, providing for sales allotments to processors, were considered at a public hearing which opened October 31 at Jacksonville, Florida. The industry had been operating under a similar agreement and license in effect during the 1934 and 1935 seasons. A study of the evidence submitted at the hearing indicated a decided difference of opinion among members of the industry as to the practicability of an agreement and order containing allotment provisions. Following the hearing a conference was held at Jacksonville, December 3, to determine further the viewpoints of the industry on the proposed marketing agreement and order and also to determine whether the industry would prefer a simpler agreement without an order. Industry leaders at this conference indicated that differences of opinion on any marketing agreement program continued to prevail in the industry, and, therefore, further development of the program has been suspended.

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OFFER DIVERSION PAYMENT
ON VIRGINIA-TYPE PEANUTS

An offer by the Secretary of Agriculture to pay any contracting peanut grower \$20 a ton for diverting Virginia-type peanuts into oil during the period December 11-31 was announced by the Agricultural Adjustment Administration. This offer is a part of the peanut diversion plan designed to remove surplus peanuts from the normal channels of trade and divert them into the manufacture of peanut oil. The objective of this plan is to maintain a minimum price of \$62.50 per ton to growers for Virginia-type peanuts of 65 percent sound meat content, with proportionately higher prices for peanuts of lower meat content. Any grower who produced peanuts in 1935 under an adjustment contract may receive this payment of \$20 a ton on any of his peanuts which he sells to an oil miller during the period December 11-31. In order to receive payment under this offer the grower is required to obtain from the miller who purchases the peanuts an agreement on Form PN-27 to crush them on or before June 30, 1936. It is contemplated that oil millers will pay growers the oil value of the peanuts, which together with the \$20 payment, will return growers the announced minimum price for their peanuts.

It was announced that five peanut millers had contracted to purchase for crushing 13,900 tons of Virginia-type peanuts during the month of December at not less than \$62.50 a ton. The minimum price for farmers' stock Virginia-type peanuts of 65 percent sound meat content and is subject to an adjustment of 96 cents per ton for each 1 percent variations in sound meat content. Prior to November 15, 1935, oil millers purchased and diverted into oil 7,496 tons of Spanish-type peanuts, 14,911 tons of Runner-type peanuts, and 477 tons of Virginia-type peanuts. Applications have been approved for crushing 8,350 tons of Spanish-type peanuts, and 590 tons of Virginia-type peanuts which were purchased in the period October 14 to November 15, 1935. but not crushed during that period. An offer to purchase 5,000 tons of Spanish-type peanuts in December for crushing purposes has been accepted. Other offers for crushing Spanish and Virginia-type peanuts are under consideration.

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FIRE-CURED TOBACCO
MINIMUM 1936 PAYMENT

A minimum payment for 1936 to fire-cured tobacco growers at the rate of \$1 per 100 pounds of base tobacco production was announced by the Agricultural Adjustment Administration. It is planned that this payment will be made to growers as soon as possible after the new contracts are signed. Additional payments under the new contracts will depend upon prices of tobacco each year, and will be an amount which, when added to the farm price, will tend to bring growers' returns to not less than parity on the quantity of fire-cured tobacco used domestically. About two-thirds of the fire-cured tobacco is usually exported. If tenants or share-croppers grow the tobacco under contract in 1936, then the special payment will be divided with the tenants in the same proportion as their interest in the 1936 crop.

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END AUTHORIZATIONS
FOR SUGAR WITHDRAWALS

The Sugar Section of the Agricultural Adjustment Administration announced that no further applications for 30-day withdrawals of sugars under bond will be granted for the year 1935 under Section 201 (b) of General Sugar Order No. 1, Revision 1. This section of the order provides for release of non-quota sugars from customs custody under bond for processing upon conditions that such sugars or their equivalent are returned to customs custody within 30 days. The raw sugars released from customs custody recently under the order have been or will be used mainly to prevent exhaustion of year-end refiners' quota stocks, and in effect will be deducted from next year's.

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REFUNDS TO SHIPPERS
OF FLORIDA CITRUS

Approximately \$8,200, paid by shippers during the 1934-35 season for administration of the Florida citrus marketing agreement and license which were terminated at the close of the season, will be refunded to these shippers. The refunds will be made by the trustees in charge of liquidating the affairs of the control committee established by the agreement to administer the Florida citrus marketing program. The money to be refunded represents a surplus of funds over and above the operating costs of the Florida citrus control committee during the 1934-35 season under the agreement and license which terminated on July 15, 1935. Distribution of the surplus funds, approved by the Secretary of Agriculture on recommendation of the trustees of the control committee, will be on a pro rata basis to shippers who have reported their shipments for the entire contribution period from January 7 to March 31 of this year. Refunds to which those shippers who have not reported their shipments for the entire contribution period may be entitled, will be made by the trustees as soon as the reports are filed.

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POTATO IMPORT QUOTAS
FOR ALLOTMENT YEAR

The quotas for potatoes imported into the United States during the potato allotment year which began December 1, 1935, have been announced as 2,777,000 bushels by the Agricultural Adjustment Administration. Section 229 of the potato act directs the establishment of import quotas for the protection of domestic potato producers. A tax of 45 cents a bushel will be placed on imports from each country in excess of its quota. This tax will be in addition to any tariff on shipments of potatoes into the United States. The quotas are 97.52 percent of the average annual imports of 2,847,575 bushels for the past six years in accordance with the terms of the potato act. Potato imports in 1929 were 4,275,847 bushels; 5,059,824 bushels in 1930; 4,566,875 bushels in 1931; 726,915 in 1932; 1,180,057 in 1933 and 1,538,216 in 1934. In addition to the quota of 2,777,000 bushels for the full allotment year a quota of 23,071 bushels was fixed for Cuba for the nine months from March 1 to November, 1936. Under the terms of the potato act no quota may be applied to Cuban potatoes until March 1 unless it is determined that the importation of Cuban potatoes is "unduly" depressing or threatens to unduly depress the domestic price for potatoes. The annual imports from Cuba for the six year period 1929-1934 were 47,321 bushels and averaged 23,656 bushels for the nine months from March to November.

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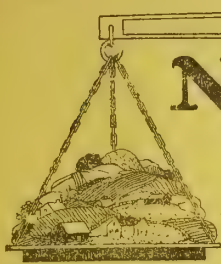
ST. LOUIS MILK PACT
TENTATIVELY APPROVED

A marketing agreement designed to regulate the handling of milk in the St. Louis, Mo., marketing area has been tentatively approved and is being submitted to handlers for signature. The marketing agreement would continue the present milk marketing program now in effect in St. Louis under the provisions of a license. A license has been in effect in the area during the last two years. The document was developed at the request of producer and distributor groups in the marketing area and was considered at a public hearing held there on November 5. The tentatively approved marketing agreement contains provisions relating to producer prices, operation of individual distributor pools, unfair methods of competition and verifying handlers' reports.

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NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 3, NUMBER 12

December 21, 1935

MARKETING PACT HELPS FLORIDA CELERY INCOME

Orderly marketing of Florida celery, made possible under provisions of a marketing agreement in operation during the 1934-35 shipping season, was one of the factors responsible for an increase of more than \$1,000,000 in returns to that state's celery growers, according to an economic study of the Florida celery industry made by the general crops section of the Agricultural Adjustment Administration. The study was made in connection with a proposed new marketing agreement which is now in the hands of shippers and growers for their signature. The agreement in operation during the 1935 season provided for control of celery shipments during periods within the season. Under this agreement weekly proration was instituted on February 25 and continued for a period of eleven weeks through May 12. The study points out that during most seasons, as was true during the 1935 season, this February-May period represents the weeks of heaviest celery shipments from Florida. With a crop of 2,690,000 crates in 1935 as compared with 3,120,000 crates in 1934, total shipments for the 1935 season were 1,100 cars less than in 1934. Even with a smaller crop which made unnecessary further curtailment in the total shipments, control of movement during the 11-week period was necessary in order to avoid periodic over-shipments which in previous seasons resulted in marked price declines. Thus as a result of a reduction in the total volume marketed during the 1935 season, and an orderly movement to market during the period of heavy shipments, the income of Florida celery growers increased from \$2,995,000 in 1934 to \$4,035,000 in 1935. This occurred even though the level of urban consumer income in the 1935 Florida celery season was only about 3 percent above consumer income in the 1934 season. According to the study, the decline in prices of Florida celery during the 1933 and 1934 seasons was largely due to the decline in purchasing power of consumers and the failure to adjust celery production and marketings to the depressed demand. The study points out that the degree to which low prices are due to excessive supplies may be corrected through an industry program regulating supplies offered for sale.

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NAVAL STORES INDUSTRY AID CONFERENCE TOPIC

Possible plans for improving conditions in the naval stores industry were considered at a conference December 20 between a committee representing the industry and officials of the Agricultural Adjustment Administration. Further conferences are contemplated. An industry proposal that a naval stores production-control program be conducted and financed under provisions of Section 32 of Public No. 320, approved August 24, 1935, was discussed, but officials of the Adjustment Administration explained to the industry committee that such a program would not meet those specific requirements of Section 32 which relate to increasing domestic consumption and exports. Section 32 specifies that "The amounts appropriated under this section shall be expended *** in such amounts as the Secretary of Agriculture finds will tend to increase the exportation of agricultural commodities and products thereof, and increase the domestic consumption of agricultural commodities and products thereof." The naval stores industry committee and the Adjustment Administration officials at the conference discussed possible alternative programs, but no plan was presented which would meet the specific requirements of Section 32 and at the same time deal adequately with the problems faced by the industry.

REVIVED RURAL BUYING
MAJOR RECOVERY FACTOR

From 1929 to the first quarter of 1933 farm cash income dropped 61 percent and rural retail sales fell 57 percent, and from the bottom of the depression to the present time, farm cash income has advanced 86 percent and rural retail sales 93 percent, this increase in rural purchasing power contributing to about 40 percent of the industrial improvement, a study of income figures and rural trade indexes reveals. A comparison of the U. S. Department of Agriculture indexes of farm income, and national income, exclusive of farm income, with the Department of Commerce indexes of retail business reveals how closely the flow of income in the rural areas corresponds with the flow of rural business, how very closely the flow of city incomes corresponds with city retail business, and further offers a basis for appraising the effect of agricultural purchasing power on industrial production and employment.

Starting from the 1929 levels, farm income fell 61 percent while the total of all other money income fell 43 percent. Rural retail sales during the same period fell 57 percent and city department store sales fell 46 percent. During the period in which farm income increased approximately 86 percent and rural retail sales about 93 percent, the total of money income, other than agricultural, has risen 25 percent and city retail sales have risen 33 percent. As a result of the various governmental and other activities since early 1933, the 1929 balance between gross farm cash income and total money incomes of the country as a whole has been restored. One of the major problems before agriculture is the preservation of this restored balance as further general expansion of industrial activity and a further rise in the national income take place.

The effect on industry of the drop in rural trade may be deduced from the fact that sales at retail in places having a population of less than 2,500 and sales by mail order companies contracted from \$9,200,000,000 in 1929 to \$3,900,000,000 in 1932, a total decline of \$5,300,000,000. This drop accounted for 23 percent of the contraction in all retail business, which fell from \$49,100,000,000 in 1929 to \$25,600,000,000 in 1932. With the sharp recovery in farm income which appeared early in 1933 came also a quick pick-up in rural retail sales, resulting in an estimated gain for the year of more than 20 percent - \$800,000,000. This contrasted with a further loss in total retail business of over \$500,000,000, urban sections buying \$1,400,000,000 less at retail than in 1932.

By the end of 1933 rural buying had recovered to its 1929 relationship to total trade. What the improvement in rural buying has meant to industry can be roughly computed by assuming that the same amount of employment is necessary to produce a dollar's worth of goods for the rural market as for the urban. On this basis it appears that approximately 40 percent of the 1932-1934 increase in factory employment was attributable to improved rural trade - roughly half of this increase comes direct through increased buying by farmers, and half through greater purchases by rural population in communities where income is largely dependent on farm conditions. Rural retail trade probably approximated \$5,800,000,000 in 1934. The trend of sales in rural and urban areas for the first 11 months of 1935 suggests a probable further increase in retail business of over \$2,000,000,000 this year, the increase to be about evenly divided as between rural and urban areas. This will bring rural sales to about \$6,900,000,000 and the total to \$30,700,000,000.

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NEW CORN-HOG PROGRAM
GETS FORMAL APPROVAL

The corn-hog adjustment program for 1936 and 1937 has been given formal approval by the Secretary of Agriculture, whose findings were based upon information concerning the price and fair exchange value of corn and hogs, and production, marketing, and consumption of the two basic commodities. The new corn-hog administrative rulings are being printed for distribution to corn and hog growers and others interested in the program.

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FLUE-CURED SALES SHOW
FAVORABLE RETURNS

Flue-cured tobacco sales for the 1935 season have been approximately 208,500,000 pounds larger than sales for the entire 1934 season and have brought growers about \$6,350,000 more than the entire 1934 crop, the Agricultural Adjustment Administration announced. Growers had sold, up to December 15, approximately 760,000,000 pounds of flue-cured tobacco from the 1935 crop for \$156,740,000. To the same date last year, 540,300,000 pounds had been sold for \$148,586,000. The average price for sales to date from the 1935 crop is 20.6 cents a pound as compared with 27.4 cents a pound for sales to the same date last year. Producers' sales from the entire 1934 crop of flue-cured tobacco totaled 551,528,000 pounds for an average of 27.3 cents a pound. The average price for sales of Burley tobacco for the first two weeks of the 1935 season was 19.5 cents a pound, as compared with 18.5 cents a pound for the first two weeks in 1934. Sales of fire-cured tobacco to December 14, 1935 averaged 10.9 cents a pound, while the average to the same date in 1934 was 12.1 cents a pound. Sales of dark air-cured tobacco to date have averaged 6.5 cents a pound, as compared with 8.5 cents a pound for the same period in the 1934 season. Prices for Virginia sun-cured tobacco have been higher than for last season. The prices for one-sucker and Green River types are below those of last year.

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COTTON CERTIFICATE POOL
TRANSFER TIME EXTENDED

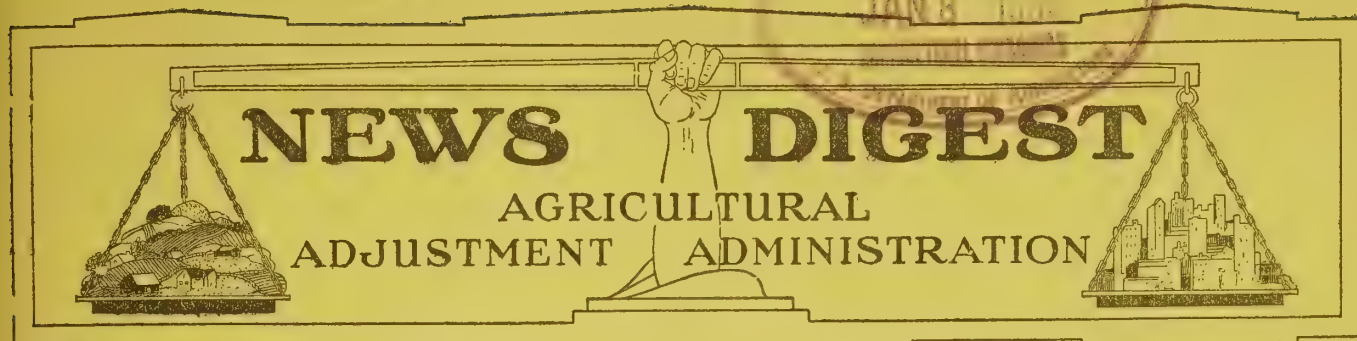
December 28 has been set as the final date upon which cotton producers who have surrendered surplus poundage to the 1935 special surplus cotton tax-exemption certificate pool may transfer their unsold equities to the 1935 national surplus cotton tax-exemption certificate pool. This extension of time was approved by the Secretary of Agriculture. The final date for the special pool previously was announced as December 16. As approximately 44 percent of the total poundage surrendered to the special pool was sold, the pool participants will be offered the opportunity to transfer their pro rata share of the unsold poundage to the national pool which is now open for the surrender of surplus certificates through the various county offices. All producers who hold an account in surplus poundage in the special pool are advised to immediately contact their county offices should they wish to transfer their unsold poundage to the present pool operation where it will be offered for sale at the prevailing rate of four cents per pound. It is expected that the first checks in payment of the poundage sold from the special pool will go forward to the field within the next few days. There will be one payment made on the special pool accounts and those producers who do not transfer their unsold equities will be re-issued certificates at a later date, representing the unsold portion of their account. The amount that will be distributed from the special pool at this time is approximately \$2,650,000.00.

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FLORIDA STRAWBERRY
PACT TERMINATED

Termination of the marketing agreement and license for shippers of Florida strawberries became effective December 12. The marketing agreement for Florida strawberries became effective August 5, 1934, and the license for shippers became effective August 20, 1934. Largely because of serious freeze conditions which materially reduced the movement of the crop last season, the provisions of the agreement and license were not placed into operation by the industry. Since then the Agricultural Adjustment Act has been amended, necessitating certain changes in the program. The General Crops Section of the Agricultural Adjustment Administration pointed out that if the industry so desires, another program may be developed under the marketing agreement and order provisions of the Adjustment Act as amended last August.

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VOLUME 3, NUMBER 13

December 28, 1935

**SUGAR QUOTAS FOR 1936
ANNOUNCED BY SECRETARY**

Sugar consumption requirements of the continental United States for 1936 have been estimated by the Secretary of Agriculture at 6,434,088 short tons, raw value. This compares with 6,331,583 tons distributed by the trade in 1934 and 6,540,000 tons during 1935. The basic quotas for sugar produced in the continental United States are fixed by the Jones-Costigan Act at 1,550,000 short tons for beet sugar and 260,000 tons for cane sugar. After continental areas are allowed for, there remains 4,624,088 tons for allotment to off-shore areas. The 1936 quotas for off-shore areas, were determined as follows in short tons raw value: Cuba, 1,852,575; Philippine Islands, 998,110; Puerto Rico, 801,297; Territory of Hawaii, 941,199; Virgin Islands, 5,264; Full-duty countries, 25,643. Of the 1936 quotas, the following amounts, in tons, raw value, from each area may be brought in as sugar for direct consumption: Cuba, 407,567; Philippine Islands, 80,214; Puerto Rico, 126,033; Territory of Hawaii, 29,616. The 1936 quotas for full duty countries are, in pounds, raw value: Argentina, 14,577; Australia, 204; Belgium, 294,308; Brazil, 1,197; British Malaya, 26; Canada, 564,205; China & Hong Kong, 288,114; Colombia, 267; Costa Rica, 20,597; Czechoslovakia, 263,302; Dominican Republic, 6,668,480; Dutch East Indies, 211,384; Dutch West Indies, 6; France, 175; Germany, 117; Guatemala, 334,902; Republic of Haiti, 921,614; Honduras, 3,432,568; Italy, 1,751; Japan, 4,009; Mexico, 6,031,877; Netherlands, 217,865; Nicaragua, 10,221,004; Peru, 11,114,100; Salvador, 8,208,542; United Kingdom, 350,667; Venezuela, 290,002 and unallotted reserve, 1,830,140.

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**ANTI-HOG CHOLERA SERUM
PACT TO PUBLIC HEARING**

A hearing on a proposed marketing agreement for the handlers of anti-hog cholera serum and hog-cholera virus will be held in January at Omaha, Nebraska. The proposed marketing agreement has been drafted by representatives of the serum industry in consultation with the Bureau of Animal Industry of the Department of Agriculture and, if it becomes effective, will be administered by the Bureau of Animal Industry. The agreement was drafted under an act of Congress, Public No. 320, approved August 24, 1935, which relates to the handling of serum and virus in interstate and foreign commerce.

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RAIL WORKERS EARNINGS
ABOVE FOOD PRICE LEVEL

Earnings of the million employed railroad workers are at present, on the average ,93 percent as large as they were during 1929, while retail food prices are at approximately 80 percent of the 1929 level. Consequently, the average railroad worker with a job is able to buy with his earnings 16 percent more food than in 1929. However, a large amount of unemployment still exists among railroad workers; only 61 percent as many persons are employed on the railroads as were employed in 1929. In October 1935, 1,030,000 workers were employed on the Class I railroads compared with 1,690,000 during 1929. The levels of both earnings and employment have risen since the bottom of the depression, when average earnings of employed workers were only 80 percent as large as in 1929 and only 56 percent as many persons were employed on the railroads, as in 1929. At the bottom of the depression, food price levels had fallen to 58 percent of the 1929 level, and railroad workers who had jobs were able at that time to buy about 38 percent more food products in 1929. The composite of living costs other than for food has remained practically unchanged during the past two and one-half years. At the bottom of the depression these costs averaged approximately 81 percent of the 1929 level, indicating that for the non-food items the average employed railroad worker was able to maintain his pre-depression purchases. At the present time the average earnings per person employed on railroads will buy about 11 percent more of goods and services other than food, than in 1929.

Earnings per person employed on the railroads declined during the depression considerably less than retail food prices declined, and the rise in earnings per employed person, from the low point in 1933 to the present, has enabled the average employed railroad worker to buy more food than in the prosperity years 1928-1929, in spite of the fact that food prices have risen from the very low 1933 level. A previous study showed that the same situation existed with regard to employed workers in factories, although the employed worker on the railroads fared considerably better during the depression than did the average employed factory worker. As in the case of the analysis of earnings of food prices of factory workers, the present study emphasizes the marked difference in the condition of the employed person and that of the unemployed. The need in the case of the unemployed factory worker is a greater volume of industrial production and a comparable absorption of unemployed in private industry. In the case of the unemployed railroad worker, there is the same need for increased industrial production and increased employment in manufacturing industries, for that is the main source of the freight traffic handled by the railroads. (See chart on last page).

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INCOME FROM TOBACCO
SHOWS 13 MILLION GAIN

The farm income from the 1935 tobacco crop is estimated to be about \$249,351,000, including \$11,872,000 estimated rental and benefit payments, the Agricultural Adjustment Administration announced. Figures based on the December report of the Crop Reporting Board show that the farm value of the 1935 crop is tentatively placed at \$237,479,000 as compared with \$107,776,000 for the 1932 crop. The farm value does not include rental and benefit payments. It is estimated that the farm value of this year's tobacco crop will be about \$13,770,000 above the 1934 crop. Tentative figures indicate that the 1935 production will exceed last year's production by about 239 million pounds. The average price of all types of tobacco produced in 1932 was 10.5 cents a pound. The present estimate is that the 1935 crop will average 18.5 cents a pound, which is about the same as the average annual price over the five-year period, 1925-1929. The benefit payments for 1935 will be smaller than last year's payments. The 1934 payments totaled \$41,277,548. While the benefit payments are less this year, the income from sales on the market will be larger. When benefit payments are added to market receipts total returns to growers of each type will be near the parity level.

RAILROAD EMPLOYMENT, PAYROLLS, EARNINGS PER WORKER AND COST OF LIVING

1929 = 100



Herbar

